



Base Prospectus

dated 27 March 2015

for the issue of new securities and the continuation of the public offering and to increase the issue volume of already issued securities

concerning

derivative products

[•-][open-ended] index certificates

Lang & Schwarz Aktiengesellschaft

Düsseldorf

Lang & Schwarz Aktiengesellschaft has requested the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) ("BaFin") to provide the competent authorities in the Republic of Austria, Kingdom of the Netherlands and the United Kingdom of Great Britain and Northern Ireland with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Securities Prospectus Act (Wertpapierprospektgesetz – WpPG) which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 (the "Prospectus Directive") into German law(each a "Notification"). The Issuer may request the BaFin to provide the competent authorities in additional host Member States within the European Economic Area with a Notification.

The omissions marked in this Base Prospectus with placeholders will be completed in the Final Terms; information in brackets may also omitted.

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Summary

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A– E (A.1 – E.7).

This Summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required due to the type of securities or Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in this Summary with the mention of "not applicable."

Part A – Introduction and warnings

A 1	Warnings	<p>This Summary should be read as an introduction to this Base Prospectus.</p> <p>Any decision to invest in the securities should be based by the investor upon review of the entire Base Prospectus, including any supplements to the Base Prospectus and the applicable Final Terms.</p> <p>Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legal regulations of the states of the European Economic Area, have to bear the costs of translating the Base Prospectus, any supplements to the Base Prospectus and the Final Terms before the legal proceedings are initiated.</p> <p>Pursuant to § 5(4) of the German Securities Prospectus Act (<i>Wertpapierprospektgesetz</i>; "<i>WpPG</i>"), the Issuer accepts responsibility for this Summary including any translation thereof. The Issuer or persons who have tabled the summary may be held liable, though only if this Summary is misleading, inaccurate or inconsistent when read together with other parts of this Base Prospectus, or it does not provide all necessary key information when read in conjunction with the other parts of this Base Prospectus.</p>
A 2	<p>Consent to use of the Base Prospectus</p> <p>Offer period</p> <p>Conditions</p>	<p>The Issuer consents to the use of this Base Prospectus and any supplements together with the Final Terms for the later resale or final placement of securities by any financial intermediary selling securities issued under this Base Prospectus so long this Base Prospectus and the Final Terms validly comply with § 9 of the German Securities Prospectus Act.</p> <p>The offer period within which the later resale or final placement of securities by financial intermediaries can occur will apply so long as this Base Prospectus and the Final Terms are valid in accordance with § 9 of the German Securities Prospectus Act.</p> <p>The consent to the use of this Base Prospectus, any supplements and the Final Terms is subject to the conditions that (i) this Base Prospectus, any supplements and the Final Terms are only handed over to potential investors together with all supplements published</p>

	Notice to investors	<p>prior to the handover and (ii) when using this Base Prospectus, any supplements and the Final Terms the financial intermediary ensures that the intermediary will comply with all laws and legal regulations applicable in the relevant jurisdictions.</p> <p>Information about the terms and conditions of any offer of a financial intermediary is to be provided by the intermediary at the time the offer is made.</p>
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Part B – Issuer

B 1	Legal and commercial name of the Issuer	The corporate name of the Issuer is "Lang & Schwarz Aktiengesellschaft." The commercial name of the company is "Lang & Schwarz."
B 2	Domicile, legal form, legislation and country of incorporation	<p>The Issuer is a German joint stock corporation (<i>Aktiengesellschaft</i>) with registered office in Düsseldorf. The business address is: Breite Straße 34, 40213 Düsseldorf, Federal Republic of Germany.</p> <p>The Issuer is subject to German law and was incorporated in Germany.</p>
B 4b	Trends that could affect the Issuer and industries in which the Issuer operates	<p>- not applicable –</p> <p>There are no known trends that could have an effect on the Issuer or the industries in which the Issuer operates.</p>
B 5	Group structure	<p>Lang & Schwarz Aktiengesellschaft is the parent company of three subsidiaries:</p> <ul style="list-style-type: none"> - Lang & Schwarz TradeCenter AG & Co. KG, - Lang & Schwarz Broker GmbH and - Lang & Schwarz Gate GmbH. <p>which are together called the "Lang & Schwarz Group."</p>
B 9	Profit forecasts or estimates	<p>- not applicable –</p> <p>The Issuer currently does not issue any profit forecasts or estimates.</p>
B 10	Qualifications in auditor's report	<p>- not applicable –</p> <p>The annual financial statements for the financial year ending 31 December 2013 and the consolidated financial statements of Lang & Schwarz Aktiengesellschaft for the financial year ending 31 December 2012 and 2013 have been audited by Dohm Schmidt Janka Revision und Treuhand AG Wirtschaftsprüfungsgesellschaft, Berlin, and an unqualified audit opinion was issued thereon.</p>
B 12	Selected historical key	<u>a) Financial figures as of 12/31/2013</u>

**financial
information**

The overview below presents in summarized form a balance sheet, income statement and consolidated cash-flow statement of the Lang & Schwarz Group, which were taken from the audited consolidated financial statements in accordance with the German Commercial Code as of 31 December 2013:

in TEUR	01/01/2012 - 12/31/2012	01/01/2013 - 12/31/2013
Consolidated income statement		
Revenue	125,347	122,654
Cost of materials	-115,825	-110,101
Personnel expenses	-3,947	-5,078
Other operating expenses	-4,435	-3,694
Consolidated net loss (income)	-186	994
in TEUR	12/31/2012	12/31/2013
Consolidated balance sheet		
securities	32,264	87,428
Cash on hand and in banks	11,800	36,890
Liabilities due to banks	5,556	31,722
Other liabilities	17,395	69,177
Shareholders' equity	22,020	23,376
Total assets	46,855	127,906
in TEUR	01/01/2012 - 12/31/2012	01/01/2013 - 12/31/2013
Consolidated Cash-flow statement		
Cash flow from current business activity	-13,759	-1,012
Cash flow from investment activity	-336	-425
Cash flow from financing activity	-3,807	362
Cash and cash equivalents at end of period	6,078	5,003

b) Financial figures as of 30 June 2014

The overview below presents in summarized form a balance sheet and income statement of the Lang & Schwarz Group, which were taken from the unaudited consolidated semi-annual financial statements for the period from 1 January to 30 June 2014:

in TEUR	01/01/2013 - 06/30/2013	01/01/2014 - 06/30/2014
Consolidated income statement		
Revenue	50,712	91,999
Cost of materials	-44,333	-81,520
Personnel expenses	-2,366	-3,608
Other operating expenses	-2,316	-2,270
Consolidated net loss (income)	154	2,444
in TEUR	12/31/2013	06/30/2014
Consolidated balance sheet		
Securities	87,428	146,426
Cash on hand and in banks	36,890	15,832
Liabilities due to banks	31,722	30,144

		Other liabilities	69,177	123,868
		Shareholders' equity	23,376	25,820
		Total assets	127,906	184,882
		<p>Declaration of "no material adverse changes"</p> <p>Since 31 December 2013, no material adverse changes have occurred in the prospects of the Lang & Schwarz Group.</p> <p>Declaration concerning "Significant changes in the financial and trading position"</p> <p>Since 30 June 2014, no significant change has occurred in the financial or trading position of the Lang & Schwarz Group.</p>		
B 13	Recent events	<p>- not applicable –</p> <p>There are no events from the recent business activity of the Issuer that are significantly relevant for the evaluation of its solvency.</p>		
B 14	Dependency of the Issuer on other Group companies	<p>- not applicable –</p> <p>As mentioned under Element B. 5, Lang & Schwarz is the parent company of the Lang & Schwarz Group.</p>		
B 15	Principal activities	<p>The Issuer conducts permission-free proprietary trading and proprietary business in financial instruments and is admitted to the Frankfurt and Stuttgart Stock Exchanges to participate in trading. Further, the Company is admitted to trading in the Xetra segment and to participate as a non-clearing member in EUREX trade and has access to the most important international trading places.</p> <p>Within the framework of this activity, the Company issues leverage and investment products, particularly on equities, indices, currencies, interest rate futures, commodities and funds (derivative products).</p> <p>The Company's business activity is oriented above all on the European markets, largely on the German market.</p>		
B 16	Major shareholders	<p>To the extent known to the issuer no shareholder holds more than one-quarter of the shares of Lang & Schwarz Aktiengesellschaft.</p>		

Part C – Securities

C 1	Type and class of securities	The securities (certificates) issued under this Base Prospectus are bearer bonds within the meaning of §§ 793 ff. of the German Civil Code.
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		<table><tr><td>ISIN</td></tr><tr><td>•</td></tr></table> <p>The certificates are represented by a global certificate. No effective certificates will be issued.</p>	ISIN	•
ISIN				
•				
C 2	Currency of the securities issue	[Currency] [For each ISIN, the currency of the securities issue is: [Currency.]]		
C 5	Restriction on free transferability	- not applicable – The certificates are freely transferrable with due regard to the provisions of law and the provisions and rules of Clearstream Banking AG.		
C 8	Rights attached to the securities and ranking and limitations of those rights	<p>The certificates are securities whose redemption amount depends on the performance of the underlying asset. The certificates are not capital protected. [The term of the certificates ceases on the maturity date.]</p> <p>If certain events occur, the Issuer will adjust the Product Terms and Conditions. Moreover, the Issuer may terminate the certificates if certain events occur. If a market disruption occurs, the Valuation Date affected by the market disruption will be postponed and the Issuer will determine the price if relevant at its equitable discretion. Such a postponement can lead to a postponement [of the maturity date][<i>relevant date</i>].</p> <p>The certificates are subject to German law.</p> <p>The obligations of the Issuer from the certificates represent direct and unconditional obligations of the Issuer that are not secured <i>in rem</i> and, except as determined otherwise by law, have at least the same ranking as all other unsubordinated obligations of the Issuer that are not secured <i>in rem</i>.</p>		
C 11	Admission to trading	- not applicable – The Issuer does not intend to apply for admission of the certificates to trading on a regulated market or other equivalent market. [The certificates are to be included in trading [tentatively in temporal relation to the value date] [on •] on [the following stock exchange] [the following stock exchanges]: [- Open market of the Stuttgart Stock Exchanges in Baden-Württemberg ([within][outside] the EUWAX market segment)] [stock exchange (open market)]] [No listing of the certificates on the stock exchange is foreseen.]		
C 15	How the value of	The redemption amount depends on the performance of the		

	the investment is affected by the value of the underlying instrument(s)	<p>underlying asset and is calculated as follows:</p> <p>[[•-][open-ended]index certificates</p> <p>[•-][open-ended]index certificates grant the investor the right to request from the Issuer [on certain Redemption Dates] the payment of a redemption amount which corresponds to the price of the underlying index on the Valuation Date multiplied if relevant by the ratio (and converted into euro if relevant).]</p>						
C 16	Maturity Date and Valuation Date	<p>[For [each] ISIN, the following ["Valuation Date"] and "Maturity Date" apply:</p> <table><tr><td>ISIN</td><td>[Valuation Date]</td><td>[Maturity Date]</td></tr><tr><td>•</td><td>•</td><td>•</td></tr></table> <p>]</p> <p>[The "Redemption Date" is •.] [The "Ordinary Termination Date" is •.]</p>	ISIN	[Valuation Date]	[Maturity Date]	•	•	•
ISIN	[Valuation Date]	[Maturity Date]						
•	•	•						
C 17	Settlement	<p>The Issuer is obliged to pay all amounts payable pursuant to these Terms and Conditions on the [relevant] maturity date in the currency mentioned in C.2. If this day is not a banking day, the payment will be made on the following banking day.</p> <p>All payable amounts are payable by the Issuer to, or to the order of, Clearstream Banking AG for credit entry on the bank accounts of the depositaries for transfer to the holders.</p> <p>The Issuer will be released from its duty to pay towards the holder by paying to, or to the order of, Clearstream Banking AG.</p>						
C 18	Return on derivative securities (settlement on the Maturity Date)	<p>The Issuer is obliged to pay the investor on the Maturity Date the redemption amount described in C 15.</p>						
C 19	Reference price of the underlying asset	<p>The price most recently determined and published by the index sponsor (closing price)</p>						
C 20	Type of underlying asset and details where information on the underlying asset can be found	<p>Type: Index</p> <p>Description:</p> <table><tr><td>ISIN</td><td>Underlying Asset</td></tr><tr><td>•</td><td>•</td></tr></table> <p>]</p> <p>Information on the past and future performance of the index is published on a website that is open to the public. The information may currently be retrieved at: [www.onvista.de][•].</p>	ISIN	Underlying Asset	•	•		
ISIN	Underlying Asset							
•	•							

Part D – Risks

D 2	Risks that are specific to the issuer	<p>Market and industry-specific risks</p> <p>Economic environment</p> <p>The demand for the products and services offered by the Company significantly depends on general economic development.</p> <p>The business activity of the Company is oriented above all on the European markets, largely on the German market. Consequently, it is dependent to a particularly high degree on economic development in the territory of the European Economic and Currency Union, particularly in Germany.</p> <p>Intensive competition</p> <p>The German financial sector is characterized by intensive competition. As a consequence of the intensive competition, sufficient margins can often not be attained or transactions in one segment have to compensate for low-margin or marginless transactions in another.</p> <p>Company specific risks</p> <p>Equity capitalization of the Issuer</p> <p>Lang & Schwarz Aktiengesellschaft has a capital stock of EUR 9,438,000.00. The equity capitalization of the Company is therefore much lower than that of other issuers. Therefore, the derivative products of the Company contain a higher degree of performance risk than the derivatives of other issuers that dispose of more equity.</p> <p>In an extreme case, i.e. if the Issuer becomes insolvent, an investment in derivative instruments of the Issuer could lead to a complete loss of the invested amount. In this context, it is significant that the Issuer does not belong to a deposit assurance system.</p> <p>Strategic risks</p> <p>A series of factors, including a market decrease and market fluctuations, an altered position of Lang & Schwarz Aktiengesellschaft on the market and altered framework conditions in the core market of Lang & Schwarz Aktiengesellschaft, above all in Germany, or unfavorable economic conditions in these markets could prevent the achievement of some or all goals pursued by Lang & Schwarz Aktiengesellschaft.</p> <p>Sustained profitability</p>
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		<p>There is no guarantee that Lang & Schwarz Aktiengesellschaft will be able in the future to maintain or improve its current operating profit level or to earn net profit. Should the Company not succeed in maintaining its operating profitability in a sustained fashion, this can have a substantial adverse effect on the liquidity and earnings situation.</p> <p>Counterparty default risks</p> <p>Lang & Schwarz Aktiengesellschaft is subject to a counterparty default risk, i.e. the risk of losses or lost profit based on the loss or deterioration in the credit rating of business partners and the resulting adverse market value changes from financial products. In addition to classic credit default risk, default risk encompasses country and issuer risks, counterparty and settlement risks from trades.</p> <p>Conflicts of interest</p> <p>Within the framework of its normal business activity, the Issuer conducts trading in underlying assets. Moreover, the Issuer protects itself against the financial risks associated with derivatives through "hedges" (covering transactions, hedging transactions) in the relevant underlying assets or in corresponding derivative instruments. These transactions—particularly the hedges relating to the securities—might not be to the benefit of the holders of the securities and could have effects on the value of the underlying asset and thus on the value of the securities.</p> <p>Moreover, the Issuer may additionally exercise a different function in relation to the securities, e.g. as calculation agent and/or as index sponsor, which could have an adverse impact on the price development of the securities.</p> <p>The Issuer may moreover issue further derivatives in connection with the underlying asset; the introduction of products that compete with these securities can affect the value of these securities. The Issuer may receive non-public information in relation to the underlying asset. Moreover, the Issuer may publish research reports related to the underlying asset. Activities of this nature may entail conflicts of interest and impact the value of the securities.</p> <p>In connection with the offer and sale of the securities, the Issuer may, directly or indirectly, pay fees in different amounts to third parties, e.g. to advisors or distributors, or receive fees in different amounts, including those related to the distribution of the securities from third parties. Potential purchasers should be aware that the Issuer can retain fees in whole or in part.</p> <p>Market risks</p> <p>Market risk encompasses the potential adverse change in the value of positions of the Company through changes in market prices.</p>
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		<p>Fluctuations of the current interest rates (including changes related to the level of short- and long-term interest rates to each other) could influence the results of the Issuer.</p> <p>Part of the income and part of the expenses of Lang & Schwarz Aktiengesellschaft arise outside the euro zone. The Company is therefore generally subject to currency risk.</p> <p>The trading result of Lang & Schwarz Aktiengesellschaft can be volatile and depends on numerous factors outside the control of the Issuer. No guarantee can therefore be given that the trading result earned in financial year 2013 will be maintained, let alone improved. A significant decrease in the trading result of Lang & Schwarz Aktiengesellschaft or an increase in the losses in the trading business can impair the ability of the Issuer and the Group to operate profitably.</p> <p>Operational risks</p> <p>Operational risks are appearing more and more as an independent type of risk as a result of the increasing complexity of banking activities, particularly through the increased use of ambitious technologies in recent years in the banking business.</p> <p>Liquidity risks</p> <p>Lang & Schwarz Aktiengesellschaft is generally subject to liquidity risk, i.e. that the Issuer will not be able to meet its current or future payment obligations in due time (solvency or refinancing risk). Moreover, the risk exists for Lang & Schwarz Aktiengesellschaft that the Issuer will not be able to sell or hedge on a short term basis trading positions based on insufficient market liquidity (market liquidity risk) or will only be able to sell at a low price.</p> <p>Rating</p> <p>Currently, none of the Group companies has an external rating. This fact, or if a rating of a Group company should reach "non-investment grade," could significantly impair the operative business and thus the refinancing costs of all Group companies.</p> <p>Regulatory risks</p> <p>The business activity of Lang & Schwarz Aktiengesellschaft as a financial enterprise is regulated and supervised by the Bundesbank and the Federal Financial Supervisory Authority ("BaFin").</p> <p>Changes in supervisory requirements could result in additional obligations for Lang & Schwarz Aktiengesellschaft. Moreover, the compliance with modified supervisory regulations can lead to a significant increase in administrative expense, which could</p>
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		<p>have an adverse effect on the liquidity and earnings situation of Lang & Schwarz Aktiengesellschaft.</p> <p>Enterprises of the corporate group of Lang & Schwarz Aktiengesellschaft are members of the Compensatory Fund for Securities Trading Companies (<i>Entschädigungseinrichtung der Wertpapierhandelsunternehmen</i>; "EdW") and are obliged pursuant to the German Deposit Assurance and Investor Compensation Act (<i>Einlagensicherungs- und Anlegerentschädigungsgesetz</i>; EAEG) to pay annual contributions. The payment of (special) contributions to EdW could adversely affect the liquidity situation of the corporate group of Lang & Schwarz Aktiengesellschaft.</p>
D 6	Risks that are specific to the securities	<p>Derivative instruments in general</p> <p>The term "derivative instruments" is a general term for financial instruments that are "derived" from other investment objects, the price of which depends on the price performance of such objects (underlying assets) to a great degree. Derivative instruments include among others certificates and warrants.</p> <p>If investors purchase derivative products that represent a right to buy or sell securities, currencies or commodities, they acquire, if their expectations are fulfilled, a right to demand the delivery or acceptance of securities, currencies or commodities at a price determined from the outset.</p> <p>When purchasing derivative instruments, for which the delivery of the underlying asset is excluded, e.g. in the case of index certificates, investors acquire, if their expectations are fulfilled, a right to demand the payment of a cash amount which is calculated upon exercise based on the difference between a specific price determined in the derivative instrument and the market price at the time of exercise.</p> <p>The derivative instruments forming the subject of this Base Prospectus (and the Final Terms) normally grant a right to demand payment of a cash amount (a so-called "cash settlement").</p> <p>With a cash settlement, the right of the holder to demand payment of a redemption amount upon maturity of the derivative instruments is represented in the derivative instruments. In a legal sense, an investor acquires with the purchase of derivative instruments a co-ownership share in a global bearer certificate deposited with a central securities depository ("global certificate"). Derivative instruments represent unsecured obligations of the Issuer. The issue of individual effective certificates is excluded according to the Product Terms and Conditions.</p> <p>The calculation of the redemption amount is generally linked with respect to derivative products to the price performance of the underlying asset during the term of the derivative instruments.</p>

		<p>However, in contrast to most other securities, the pricing of derivative instruments is oriented not only on the principle of supply and demand. The price is instead calculated based on market price calculation model standards , with the value of the derivative instrument being calculated based on the value of the underlying asset and the value of the other characteristics of the derivative instrument, which, viewed financially, can be depicted through a further derivative financial instrument.</p> <p>A price change or even the absence of a price change of the asset underlying of the derivative product can reduce the value of the derivative instrument disproportionately up to a total loss. The holder of a derivative instrument cannot, [in light of the limited term,] trust that the price of the derivative instrument will reach its previous levels again [in time]. Holders of derivative instruments must take into account in their profit expectations the costs associated with the purchase, exercise and sale of the derivative instrument and/or the closing of a countertrade (realization). If these expectations are not fulfilled and the holder of the derivative instrument therefore waives the exercise, the derivative instrument thus expires at the end of its term. The loss will thus consist in the price paid for the derivative instrument.</p> <p>Minimum or fixed commissions per transaction (purchase and sale) can lead together with a low order value (price of the derivative product multiplied with the number of units) to cost charges that significantly increase the profit threshold. Here, the higher the costs, the later the profit threshold will be reached should the price perform as anticipated, because these costs have to be covered before any profit can be earned. If the price does not perform as anticipated, the ancillary costs increase any potentially arising loss.</p> <p>Temporal delay after exercise</p> <p>If the securities are settled in cash, a temporal delay can come about during the exercise if the date of the exercise and the date the cash amount is determined in relation to such exercise do not coincide. Any such delay between the exercise and the determination of the cash amount will be specified in the terms and conditions. Such a delay can be clearly extended, however, particularly in the case of a delay during the exercise of securities for cash settlement arising through a daily limit on the exercise, as described below, or through the determination of a market disruption by the Issuer as of the relevant date. The respective cash settlement amount can increase or decrease as a result of such a delay.</p> <p>Potential purchasers should review the Final Terms as to whether and in what ways the provisions described above apply to the securities with respect to temporal delays after the exercise.</p>
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		<p>Extraordinary rights to termination, early maturity and adjustments</p> <p>The Issuer is entitled in accordance with the Product Terms and Conditions to make adjustments to the Product Terms and Conditions or to terminate the derivative instruments upon the occurrence of certain circumstances and to redeem them early. These circumstances are described in the applicable Product Terms and Conditions.</p> <p>Such adjustments of the Product Terms and Conditions may have an adverse effect on the value of the derivative instruments and their termination amount. The cash amount paid in the case of termination might under some circumstances be lower than the amount the holder of the derivative instruments would have received had no termination occurred.</p> <p>Moreover, investors should note that the Issuer might use its termination right on a date which might appear to be unfavorable from the view of the holder of the derivative instrument because the holder expects a further price increase of the derivative instruments at this time.</p> <p>Finally, investors are moreover exposed to the risk that they will only be able to invest the amounts they receive in the event of early redemption at a yield that lies below the anticipated yield of the early redeemed derivative instrument.</p> <p>Certificates with indefinite terms</p> <p>In the case of derivative instruments with indefinite terms ("open-ended certificates"), the term may only be ended through termination by the holder of the derivative instrument or through termination by the Issuer, provided this is foreseen in accordance with the Product Terms and Conditions of the derivative instruments. Because open-ended certificates thus have no redemption date determined in advance, the holders of the derivative instruments have to submit via the custodian to the paying agent named in the Product Terms and Conditions of the derivative instruments a redemption declaration in order to achieve a termination/redemption of the certificates.</p> <p>On the other hand, holders of the derivative instruments should understand that despite the product term "open-ended certificates" the Issuer is entitled to certain termination rights. This means that the Issuer can limit the initially indefinite term of the derivative instruments and potentially use its termination right at a time that appears unfavorable from the view of the holder of the derivative instrument, because the holder was expecting a further price increase for the asset underlying of the derivative instrument at this time.</p> <p>Exchange rate risk</p>
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		<p>Potential investors should understand that risks can be associated with the investment in the derivative products of the Issuer based on fluctuating exchange rates. For example, the settlement currency of the securities can be different from the home currency of the investor or the currency in which an investor desires to receive payments.</p> <p>Exchange rates between currencies are determined by supply and demand on the international currency markets, which are influenced by various economic factors, speculation and intervention by central banks and government agencies and other political factors (including currency controls and restrictions). Fluctuations in exchange rates can have effects on the value of the securities and in relation to the amounts payable on them.</p> <p>The effect of hedges of the Issuer on the derivative instruments</p> <p>Within the framework of its normal business activity, the Issuer trades in securities that are contained in relevant indices and in options and futures on such securities. Moreover, the Issuer protects itself in whole or in part against the risks associated with the derivative instruments through so-called "hedges" (covering transactions, hedging transactions) in the index securities underlying the derivative instruments or in corresponding options or futures. These activities of the Issuer—particularly the hedges relating to the derivative instruments—could impact the pricing on the market for the relevant security. In unfavorable circumstances (low liquidity of the security), it cannot be ruled out that entering or liquidating hedges might have an adverse effect on the value of the derivative instruments and on the redemption amount to be required by the holders of the derivative instruments. This applies in particular to the liquidation of hedges at the end of the term of the derivative instruments.</p> <p>Trade in derivative instruments, pricing through a market maker, commissions</p> <p>It is intended that a market maker regularly quotes under normal market conditions (off-exchange) ask and bid prices for the derivative instruments of an issue. However, the Issuer and the market maker assume no legal duty whatsoever regarding the amount or existence of such prices. The holder of the derivative instruments may not trust that the derivative instruments will be able to be sold during their term on a certain date or at a certain price.</p> <p>The ask and bid prices quoted by the market maker for the derivative instruments are in principle calculated based on common industry price models that are used by the Issuer and other market makers to determine the value of the derivative instruments with due regard to various factors affecting the price. However, the ask and bid prices of the derivative instruments do not necessarily correspond to the value of the</p>
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		<p>derivative instruments calculated in this way but usually vary from this value. The amount of this variation in the ask and bid prices quoted by the market maker from the theoretical value of the derivative instruments changes during the term of the derivative instruments. Moreover, such variation from the theoretical value of the derivative instruments can cause the ask and bid prices quoted by other securities dealers for the derivative instruments to vary significantly (both upwards and downwards) from the ask and bid prices quoted by the market maker.</p> <p>The issue price of the derivative instruments can contain commissions and other fees charged by the Issuer. As a result, additional variation can arise between the theoretical value of the derivative instrument and the ask and bid prices quoted by the market maker. Such commissions and fees likewise impair the potential profit of the investor.</p> <p>In the event of so-called "mistrades" during the purchase or sale of derivative instruments, it is possible that the relevant transaction will be cancelled. A mistrade can be considered in particular in the case of an error in the technical system of the stock exchange, the market maker or online broker, in the case of an obvious gross error made while inputting a price or a limit for an order or in the case of a buy or sell price ("quote") provided by the responsible party that was obviously not determined at a price justified by the market, though the price formed the basis for the transaction.</p> <p>Potential investors should consequently inform themselves in detail before concluding transactions about the content of the mistrade provisions of the relevant stock exchange, market maker or online broker. Mistrade provisions can vary significantly from one another.</p> <p>Replacement of the Issuer</p> <p>If the requirements mentioned in the Product Terms and Conditions are met, the Issuer will be entitled at any time without the approval of the holders of the derivative instruments to replace itself with another company as new Issuer in relation to all obligations from or in connection with the derivative instruments. In this case, the holder of the derivative instruments will in principle also bear the insolvency risk of the new Issuer.</p> <p>No interest payments or other dividends</p> <p>The derivative instruments issued under this Base Prospectus do not provide for any periodic interest payments or other dividends during the term of the derivative instruments. The investors should understand that these derivative instruments do not generate current income. Potential losses in value in relation to the derivative instruments can therefore not be compensated through other income related to the derivative</p>
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		<p>instruments.</p> <p>Offer size</p> <p>The offer size specified in the Final Terms corresponds to the maximum amount of the securities offered on the issue date, but does not allow any conclusion to be drawn about the volume of securities effectively issued and those deposited with a central custodian. This is determined in accordance with the market circumstances and may change over the term of the securities. Based on the specified size of the offer, no conclusions can thus be drawn about the liquidity of the securities on the secondary market nor can any conclusions be drawn about the possibility of purchasing or reselling the derivative instruments.</p> <p>Moreover, the Issuer reserves the right to issue from time to time without the approval of the holders of the derivative instruments further derivative instruments at the same terms and conditions in such manner that they are consolidated with the derivative instruments, constitute a uniform issue with them and increase the total number of units.</p> <p>Maximum exercise amount</p> <p>If specified in the terms and conditions for the securities, the Issuer may, at its choice, limit the number of securities exercisable on any given day (except for the last day of the exercise period) to a defined maximum number and limit in connection with this restriction the number of securities exercisable on such day per person or group of persons (irrespective of whether the group acts jointly). If the total number of securities exercised on one day (except for the last day of the exercise period) exceeds this maximum number and the Issuer has resolved to limit the number of securities exercisable on this day, the holders might not be able to exercise all securities they planned to exercise on such date. In such cases, the number of securities exercisable on such day will be reduced until the total number of securities exercised on the relevant date corresponds to the maximum number (unless the Issuer adopts a deviating resolution); these securities will be selected in accordance with the terms and conditions. Securities which are kept ready for exercise but are not exercised on this date will automatically be exercised on the next day on which the securities can be exercised with due regard to the limit applicable on such day for the exercisable securities and the provisions for the postponed exercise.</p> <p>Any resulting postponement of the exercise date may affect the value of the derivative instruments and/or the settlement thereof and lead to higher transaction costs.</p> <p>Potential purchasers should review the relevant Final Terms as to whether and in what manner the provisions described</p>
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		<p>above apply to a maximum exercise amount.</p> <p>Transactions excluding or limiting risk</p> <p>Investors should not trust that they can at any time during the term conclude transactions through which they will be able to exclude or limit their risks; this depends on market circumstances and the relevant conditions. In some circumstances, such transactions can only be made at an unfavorable market price leading to a corresponding loss.</p> <p>Recourse to credit</p> <p>If the purchase of the securities is financed with credit and the expectations of investors are then not met, the investors may have to bear not only the loss incurred but also have to reimburse the credit and interest. The risk of loss thus increases significantly for such investors. Investors should not expect to be able to pay the principal or interest of a loan using the profit from any transaction. Instead, the investors must review their financial circumstances to determine whether they are in the position to pay interest and repay the principal of a loan in the short term if losses are incurred instead of the anticipated profit.</p> <p>Special risks</p> <p>Special risks are discussed below which arise from both the special features of the derivative instruments and from the reference to a specific underlying asset (index).</p> <p>index certificates</p> <p>With index certificates, investors bear the risk that the price of the index might not develop in the expected direction so that no positive yield will be able to be earned by investing in the certificates. As a result, the value of the certificates can fall below the value which the certificates had on the date purchased by certificate holder.</p> <p>- Risk from the underlying asset</p> <p>The value of derivative instruments largely depends on the price performance of the underlying asset, but does not always precisely depict such performance.</p>
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Part E – Offer

E 2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging	<p>- not applicable –</p> <p>With the issue, the Issuer aims to earn profit.</p>
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	certain risks					
E 3	Description of the terms and conditions of the offer	<p>From [date], Lang & Schwarz is offering [total offer volume] [•-] [open-ended] [certificates] relating to [underlying asset] for sale.</p> <p>The initial issue price will be determined before the start of the public offer and then on an ongoing basis. The initial issue price for [the/each] ISIN is specified in the table below:</p> <table><tr><td>ISIN</td><td>Initial issue price in [currency]</td></tr><tr><td>•</td><td>•</td></tr></table> <p>Both the initial issue price and the ask and bid prices quoted by the Issuer during the term are based on internal pricing models of the Issuer. These prices generally contain costs which among others cover the costs of the Issuer for structuring the certificates, the hedging of the Issuer and the distribution.</p> <p>HSBC Trinkaus & Burkhardt AG is acting as paying agent.</p>	ISIN	Initial issue price in [currency]	•	•
ISIN	Initial issue price in [currency]					
•	•					
E 4	Description of any interest that is material to the issue/offer, including conflicting interests	<p>The Issuer aims to earn profit with the issue.</p> <p>In connection with the exercise of rights and/or duties of the Issuer in accordance with the Product Terms and Conditions of the derivative instruments (e.g. in connection with the determination or adjustment of the parameters of the Product Terms and Conditions) that impact the performances under the derivative instruments, conflicts of interest could arise:</p> <ul style="list-style-type: none">- through the conclusion of transactions in the underlying asset;- through the issue of further derivative instruments relating to the underlying asset;- through the knowledge of material (also non-public) information concerning the underlying asset;- through other functions (e.g. as market maker, calculation agent and/or index sponsor) <p>which could have an adverse effect on the price performance of the securities.</p>				
E 7	Estimated expenses charged to the investor by the issuer or the offeror	<p>Investors may purchase the certificate[s] at a fixed price. The fixed price contains all costs associated with the issue [and distribution] by the Issuer and/or the offeror (e.g. the structuring costs, hedging costs, including any earnings margin for the Issuer and/or offeror.)</p>				

Deutsche Übersetzung der Zusammenfassung des Basisprospektes

Zusammenfassungen bestehen aus Pflichtangaben, den so genannten „Elementen“. Diese Elemente sind in den Abschnitten A - E (A.1 - E.7) fortlaufend nummeriert.

Die Zusammenfassung enthält sämtliche Elemente, die in einer Zusammenfassung für diese Art von Wertpapieren und für Emittenten dieses Typs erforderlich sind. Da einige Angaben nicht erforderlich sind, können sich Lücken in der Reihenfolge der Nummerierung der Elemente ergeben.

Selbst wenn ein Element aufgrund der Art des Wertpapiers bzw. für Emittenten dieses Typs gefordert ist, kann es sein, dass die entsprechenden Informationen im Hinblick auf dieses Element nicht genannt werden können. In diesem Fall enthält die Zusammenfassung an der entsprechenden Stelle eine kurze Beschreibung des Elements und den Hinweis "-entfällt -".

Teil A – Einleitung und Warnhinweise

A 1	Warnhinweise	<p>Die Zusammenfassung ist als Einleitung zu diesem Basisprospekt zu verstehen.</p> <p>Der Anleger sollte jede Anlageentscheidung in die Wertpapiere auf die Prüfung des gesamten Basisprospektes, einschließlich etwaiger Nachträge zu dem Basisprospekt und der anwendbaren Endgültigen Bedingungen, stützen.</p> <p>Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Basisprospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Staaten des europäischen Wirtschaftsraums die Kosten für die Übersetzung dieses Basisprospektes, etwaiger Nachträge zu dem Basisprospekt und der Endgültigen Bedingungen vor Prozessbeginn zu tragen haben.</p> <p>Die Emittentin übernimmt gemäß § 5 Abs. 4 Wertpapierprospektgesetz („WpPG“) die Verantwortung für die Zusammenfassung nebst jeder Übersetzung hiervon. Die Emittentin oder die Personen von denen der Erlass ausgeht, können haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Basisprospektes gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Basisprospektes gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.</p>
A 2	Zustimmung zur Verwendung des Basisprospekts	<p>Die Emittentin stimmt der Verwendung dieses Basisprospekts und gegebenenfalls etwaiger Nachträge zusammen mit den Endgültigen Bedingungen für die spätere Weiterveräußerung oder endgültige Platzierung von Wertpapieren durch jeden Finanzintermediär, der unter diesem Basisprospekt emittierte Wertpapiere verkauft, zu, solange dieser Basisprospekt und die Endgültigen Bedingungen in Übereinstimmung mit § 9 des Wertpapierprospektgesetzes gültig sind.</p>

	Angebotsfrist	Die Angebotsfrist, innerhalb derer die spätere Weiterveräußerung oder endgültige Platzierung von Wertpapieren durch Finanzintermediäre erfolgen kann, gilt, solange dieser Basisprospekt und die Endgültigen Bedingungen in Übereinstimmung mit § 9 des Wertpapierprospektgesetzes gültig sind.
	Bedingungen	Die Zustimmung zur Verwendung dieses Basisprospekts und gegebenenfalls etwaiger Nachträge sowie der Endgültigen Bedingungen steht unter den Bedingungen, dass (i) dieser Basisprospekt und gegebenenfalls etwaiger Nachträge sowie die Endgültigen Bedingungen potentiellen Investoren nur zusammen mit sämtlichen bis zur Übergabe veröffentlichten Nachträgen übergeben werden und (ii) bei der Verwendung dieses Basisprospekts und gegebenenfalls etwaiger Nachträge sowie der Endgültigen Bedingungen jeder Finanzintermediär sicherstellt, dass er alle anwendbaren, in den jeweiligen Jurisdiktionen geltenden Gesetze und Rechtsvorschriften beachtet.
	Hinweis für Anleger	Informationen über die Bedingungen des Angebots eines Finanzintermediärs sind von diesem zum Zeitpunkt der Vorlage des Angebots zur Verfügung zu stellen.

Teil B – Emittentin

B 1	Juristischer und kommerzieller Name der Emittentin	Die Emittentin führt die Firma Lang & Schwarz Aktiengesellschaft. Der kommerzielle Name der Gesellschaft lautet Lang & Schwarz.
B 2	Sitz, Rechtsform, Rechtsordnung	Die Emittentin ist eine Aktiengesellschaft mit Sitz in Düsseldorf. Die Geschäftsadresse lautet: Breite Straße 34, 40213 Düsseldorf, Bundesrepublik Deutschland. Sie unterliegt dem deutschen Recht und wurde in Deutschland gegründet.
B 4b	Trends, die sich auf Emittentin und Branchen, in denen sie tätig ist, auswirken	- entfällt – Es gibt keine bekannten Trends, die sich auf die Emittentin oder die Branchen, in denen sie tätig ist, auswirken.
B 5	Konzernstruktur	Die Lang & Schwarz Aktiengesellschaft ist Mutterunternehmen der drei Tochterunternehmen: <ul style="list-style-type: none"> - Lang & Schwarz TradeCenter AG & Co. KG, - Lang & Schwarz Broker GmbH und - Lang & Schwarz Gate GmbH. welche zusammen als Lang & Schwarz Konzern bezeichnet werden.
B 9	Gewinnprognosen oder –schätzungen	- entfällt – Die Emittentin gibt derzeit keine Gewinnprognosen oder –

		schätzungen ab.																																																																					
B 10	Beschränkungen im Bestätigungsvermerk	<p>- entfällt –</p> <p>Der Jahresabschluss für das zum 31. Dezember 2013 endende Geschäftsjahr sowie die Konzernabschlüsse der Lang & Schwarz Aktiengesellschaft für die am 31. Dezember 2012 und 2013 endenden Geschäftsjahre sind von Dohm Schmidt Janka Revision und Treuhand AG Wirtschaftsprüfungsgesellschaft, Berlin, geprüft und jeweils mit einem uneingeschränkten Bestätigungsvermerk versehen worden.</p>																																																																					
B 12	Ausgewählte wesentliche historische Finanzangaben	<p><u>a) Finanzzahlen zum 31.12.2013</u></p> <p>Die nachstehende Übersicht stellt in zusammengefasster Form Bilanz, Gewinn- und Verlustrechnung und Konzernkapitalflussrechnung des Lang & Schwarz-Konzerns dar, die dem geprüften Konzernabschluss nach HGB zum 31. Dezember 2013 entnommen wurden:</p> <table border="1"> <thead> <tr> <th>in TEUR</th><th>01.01.2012 - 31.12.2012</th><th>01.01.2013 - 31.12.2013</th></tr> </thead> <tbody> <tr> <td>Konzern-Gewinn- und Verlustrechnung</td><td></td><td></td></tr> <tr> <td>Umsatzerlöse</td><td>125.347</td><td>122.654</td></tr> <tr> <td>Materialaufwand</td><td>-115.825</td><td>-110.101</td></tr> <tr> <td>Personalaufwand</td><td>-3.947</td><td>-5.078</td></tr> <tr> <td>sonstige betriebliche Aufwendungen</td><td>-4.435</td><td>-3.694</td></tr> <tr> <td>Konzernfehlbetrag (- überschuss)</td><td>-186</td><td>994</td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <td>in TEUR</td><td>31.12.2012</td><td>31.12.2013</td></tr> <tr> <td>Konzernbilanz</td><td></td><td></td></tr> <tr> <td>Wertpapiere</td><td>32.264</td><td>87.428</td></tr> <tr> <td>Kassenbestand, Guthaben bei Kreditinstituten</td><td>11.800</td><td>36.890</td></tr> <tr> <td>Verbindlichkeiten gegenüber Kreditinstituten</td><td>5.556</td><td>31.722</td></tr> <tr> <td>sonstige Verbindlichkeiten</td><td>17.395</td><td>69.177</td></tr> <tr> <td>Eigenkapital</td><td>22.020</td><td>23.376</td></tr> <tr> <td>Bilanzsumme</td><td>46.855</td><td>127.906</td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <td>in TEUR</td><td>01.01.2012 - 31.12.2012</td><td>01.01.2013 - 31.12.2013</td></tr> <tr> <td>Konzernkapitalflussrechnung</td><td></td><td></td></tr> <tr> <td>Cash Flow aus laufender Geschäftstätigkeit</td><td>-13.759</td><td>-1.012</td></tr> <tr> <td>Cash Flow aus Investitionstätigkeit</td><td>-336</td><td>-425</td></tr> <tr> <td>Cash Flow aus der Finanzierungstätigkeit</td><td>-3.807</td><td>362</td></tr> <tr> <td>Finanzmittelfonds am Ende der Periode</td><td>6.078</td><td>5.003</td></tr> </tbody> </table> <p><u>b) Finanzzahlen zum 30.06.2014</u></p> <p>Die nachstehende Übersicht stellt in zusammengefasster Form Bilanz und Gewinn- und Verlustrechnung des Lang &</p>	in TEUR	01.01.2012 - 31.12.2012	01.01.2013 - 31.12.2013	Konzern-Gewinn- und Verlustrechnung			Umsatzerlöse	125.347	122.654	Materialaufwand	-115.825	-110.101	Personalaufwand	-3.947	-5.078	sonstige betriebliche Aufwendungen	-4.435	-3.694	Konzernfehlbetrag (- überschuss)	-186	994				in TEUR	31.12.2012	31.12.2013	Konzernbilanz			Wertpapiere	32.264	87.428	Kassenbestand, Guthaben bei Kreditinstituten	11.800	36.890	Verbindlichkeiten gegenüber Kreditinstituten	5.556	31.722	sonstige Verbindlichkeiten	17.395	69.177	Eigenkapital	22.020	23.376	Bilanzsumme	46.855	127.906				in TEUR	01.01.2012 - 31.12.2012	01.01.2013 - 31.12.2013	Konzernkapitalflussrechnung			Cash Flow aus laufender Geschäftstätigkeit	-13.759	-1.012	Cash Flow aus Investitionstätigkeit	-336	-425	Cash Flow aus der Finanzierungstätigkeit	-3.807	362	Finanzmittelfonds am Ende der Periode	6.078	5.003
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		<p>Schwarz-Konzerns dar, die dem ungeprüften Konzern-Halbjahresabschluss für den Zeitraum vom 1. Januar bis 30. Juni 2014 entnommen worden sind:</p> <table border="1"> <thead> <tr> <th>in TEUR</th><th>01.01.2013 - 30.06.2013</th><th>01.01.2014 – 30.06.2014</th></tr> </thead> <tbody> <tr> <td>Konzern-Gewinn- und Verlustrechnung</td><td></td><td></td></tr> <tr> <td>Umsatzerlöse</td><td>50.712</td><td>91.999</td></tr> <tr> <td>Materialaufwand</td><td>-44.333</td><td>-81.520</td></tr> <tr> <td>Personalaufwand</td><td>-2.366</td><td>-3.608</td></tr> <tr> <td>sonstige betriebliche Aufwendungen</td><td>-2.316</td><td>-2.270</td></tr> <tr> <td>Konzernfehlbetrag (- überschuss)</td><td>154</td><td>2.444</td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <td>in TEUR</td><td>31.12.2013</td><td>30.06.2014</td></tr> <tr> <td>Konzernbilanz</td><td></td><td></td></tr> <tr> <td>Wertpapiere</td><td>87.428</td><td>146.426</td></tr> <tr> <td>Kassenbestand, Guthaben bei Kreditinstituten</td><td>36.890</td><td>15.832</td></tr> <tr> <td>Verbindlichkeiten gegenüber Kreditinstituten</td><td>31.722</td><td>30.144</td></tr> <tr> <td>sonstige Verbindlichkeiten</td><td>69.177</td><td>123.868</td></tr> <tr> <td>Eigenkapital</td><td>23.376</td><td>25.820</td></tr> <tr> <td>Bilanzsumme</td><td>127.906</td><td>184.882</td></tr> </tbody> </table> <p>Seit dem 31. Dezember 2013 sind keine wesentlichen negativen Veränderungen in den Aussichten des Lang & Schwarz-Konzerns eingetreten.</p> <p>Seit dem 30. Juni 2014 ist keine wesentliche Veränderung in der Finanzlage oder Handelsposition des Lang & Schwarz-Konzerns eingetreten.</p>	in TEUR	01.01.2013 - 30.06.2013	01.01.2014 – 30.06.2014	Konzern-Gewinn- und Verlustrechnung			Umsatzerlöse	50.712	91.999	Materialaufwand	-44.333	-81.520	Personalaufwand	-2.366	-3.608	sonstige betriebliche Aufwendungen	-2.316	-2.270	Konzernfehlbetrag (- überschuss)	154	2.444				in TEUR	31.12.2013	30.06.2014	Konzernbilanz			Wertpapiere	87.428	146.426	Kassenbestand, Guthaben bei Kreditinstituten	36.890	15.832	Verbindlichkeiten gegenüber Kreditinstituten	31.722	30.144	sonstige Verbindlichkeiten	69.177	123.868	Eigenkapital	23.376	25.820	Bilanzsumme	127.906	184.882
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B 13	Aktuelle Entwicklungen	<p>- entfällt –</p> <p>Es gibt keine Ereignisse aus der jüngsten Zeit der Geschäftstätigkeit der Emittentin, die für die Bewertung ihrer Zahlungsfähigkeit in hohem Maße relevant sind.</p>																																																
B 14	Abhängigkeit der Emittentin von anderen Konzerngesellschaften	<p>- entfällt –</p> <p>Wie bereits unter Punkt B. 5 erwähnt, ist Lang & Schwarz die Konzernobergesellschaft des Lang & Schwarz-Konzerns.</p>																																																
B 15	Haupttätigkeitsbereiche	<p>Die Emittentin betreibt den erlaubnisfreien Eigenhandel bzw. das Eigengeschäft in Finanzinstrumenten und ist an den Börsen Frankfurt und Stuttgart zur Teilnahme am Handel zugelassen. Weiterhin ist die Gesellschaft zum Handel in Xetra und zur Teilnahme am EUREX-Handel als Non-Clearing-Member zugelassen und hat Zugang zu den wichtigsten internationalen Handelsplätzen.</p>																																																

		<p>Im Rahmen dieser Tätigkeit begibt die Gesellschaft Hebel- und Anlageprodukte insbesondere auf Aktien, Indizes, Währungen, Zinsterminkontrakte, Rohstoffe und Fonds (derivative Produkte).</p> <p>Die Gesellschaft ist in ihrer Geschäftstätigkeit vor allem auf die europäischen Märkte, und hier ganz überwiegend auf den deutschen Markt, ausgerichtet.</p>
B 16	Wesentliche Aktionäre	Am Aktienkapital wird – soweit der Gesellschaft bekannt – von keinem Aktionär mehr als der vierte Teil der Aktien der Lang & Schwarz Aktiengesellschaft gehalten.

Teil C – Wertpapiere

C 1	Art und Gattung der Wertpapiere	<p>Die unter dem Basisprospekt begebenen Wertpapiere (Zertifikate) stellen Inhaberschuldverschreibungen im Sinne der §§ 793 ff. Bürgerliches Gesetzbuch dar.</p> <table><tr><td>ISIN</td></tr><tr><td>•</td></tr></table> <p>Die Zertifikate werden in einer Globalurkunde verbrieft. Es werden keine effektiven Stücke ausgegeben.</p>	ISIN	•
ISIN				
•				
C 2	Währung der Wertpapieremission	<p>[Währung] [Für jede ISIN ist die Währung der Wertpapieremission: [Währung.]]</p>		
C 5	Beschränkung der freien Übertragbarkeit	<p>- entfällt –</p> <p>Die Zertifikate sind unter Beachtung der anwendbaren Rechtsvorschriften und der Bestimmungen und Regeln der Clearstream Banking AG frei übertragbar.</p>		
C 8	Rechte, die mit den Wertpapieren verbunden sind, sowie Rangfolge und Beschränkungen dieser Rechte	<p>Bei den Zertifikaten handelt es sich um Wertpapiere, bei denen die Höhe des Auszahlungsbetrages von der Wertentwicklung des Basiswertes abhängt. Die Zertifikate haben keinen Kapitalschutz. [Die Laufzeit der Zertifikate endet mit dem Fälligkeitstag.]</p> <p>Im Falle von bestimmten Ereignissen passt die Emittentin die Produktbedingungen an. Darüber hinaus kann die Emittentin bei bestimmten Ereignissen die Zertifikate kündigen. Tritt eine Marktstörung ein, wird der von der Marktstörung betroffene Bewertungstag verschoben und gegebenenfalls bestimmt die Emittentin den relevanten Kurs nach billigem Ermessen. Eine solche Verschiebung kann gegebenenfalls zu einer Verschiebung [des Fälligkeitstags][maßgeblicher Tag] führen.</p> <p>Die Zertifikate unterliegen Deutschem Recht.</p>		

		Die Verpflichtungen der Emittentin aus den Zertifikaten stellen unmittelbare, unbedingte und nicht dinglich besicherte Verpflichtungen der Emittentin dar und stehen, sofern nicht gesetzliche Vorschriften etwas anderes bestimmen, mindestens im gleichen Rang mit allen anderen nicht dinglich besicherten und nicht nachrangigen Verpflichtungen der Emittentin.						
C 11	Zulassung zum Handel	<p>- entfällt –</p> <p>Die Emittentin beabsichtigt nicht die Zulassung der Zertifikate an einem geregelten Markt oder sonstigem gleichwertigen Markt zu beantragen.</p> <p>[Die Zertifikate sollen [voraussichtlich in zeitlichem Zusammenhang zur Valuta][am •] an [der folgenden Börse][den folgenden Börsen] in den Handel einbezogen werden:</p> <p>[– Freiverkehr an der Baden-Württembergischen Wertpapierbörse Stuttgart ([innerhalb][außerhalb] des EUWAX Marktsegments)] [-Börse (Freiverkehr)]</p> <p>[Eine Börseneinführung der Zertifikate ist nicht vorgesehen.]</p>						
C 15	Beeinflussung des Werts des Wertpapiers durch den Wert des Basiswerts	<p>Die Höhe des Auszahlungsbetrages hängt von der Wertentwicklung des Basiswertes ab und wird wie folgt ermittelt:</p> <p>[[•-][Endlos-]Zertifikate auf Indizes</p> <p>[•-][Endlos-]Zertifikate auf Indizes gewähren dem Anleger das Recht, von der Emittentin [zu bestimmten Einlösungsterminen] die Zahlung eines Auszahlungsbetrages zu verlangen, der dem gegebenenfalls mit dem Bezugsverhältnis multiplizierten (und gegebenenfalls in Euro umgerechneten) Kurs des dem Zertifikat zugrunde liegenden Index am Bewertungstag entspricht.]</p>						
C 16	Fälligkeitstag und Bewertungstag	<p>[Für die [jeweilige] ISIN gelten der folgende „Bewertungstag“ und der folgende „Fälligkeitstag“:</p> <table border="1"> <tr> <td>ISIN</td><td>[Bewertungstag]</td><td>[Fälligkeitstag]</td></tr> <tr> <td>•</td><td>•</td><td>•</td></tr> </table> <p>] „Einlösungstermin“ ist •.] „Ordentlicher Kündigungstermin“ ist •.]</p>	ISIN	[Bewertungstag]	[Fälligkeitstag]	•	•	•
ISIN	[Bewertungstag]	[Fälligkeitstag]						
•	•	•						
C 17	Abrechnungsverfahren (Settlement)	<p>Die Emittentin ist verpflichtet, sämtliche gemäß diesen Bedingungen zahlbaren Beträge am [jeweiligen] Tag der Fälligkeit in der in C.2 genannten Währung zu zahlen. Soweit dieser Tag kein Bankarbeitstag ist, erfolgt die Zahlung am nächsten Bankarbeitstag.</p> <p>Sämtliche zahlbaren Beträge sind von der Emittentin an die</p>						

		<p>Clearstream Banking AG oder deren Order zwecks Gutschrift auf die Konten der jeweiligen Depotbanken zur Weiterleitung an den Gläubiger zu zahlen.</p> <p>Die Emittentin wird durch Leistung an die Clearstream Banking AG oder deren Order von ihrer Zahlungspflicht gegenüber dem Gläubiger befreit.</p>				
C 18	Ertragsmodalitäten (Abwicklung am Fälligkeitstag)	Die Emittentin ist verpflichtet dem Anleger am Fälligkeitstag einen Auszahlungsbetrag, wie in C 15 beschrieben, zu zahlen.				
C 19	Referenzpreis des Basiswerts	Der vom Indexsponsor zuletzt festgestellte und veröffentlichte Kurs (Schlusskurs)				
C 20	Typ des Basiswerts und Einzelheiten, wo Angaben über den Basiswert eingeholt werden können	<p>Art: Index</p> <p>Bezeichnung:</p> <table border="1"><tr><td>ISIN</td><td>Basiswert</td></tr><tr><td>.</td><td>.</td></tr></table> <p>]</p> <p>Informationen zur vergangenen und künftigen Wertentwicklung des Index sind auf einer allgemein zugänglichen Internetseite veröffentlicht. Sie sind zurzeit unter [www.onvista.de][•] abrufbar.</p>	ISIN	Basiswert	.	.
ISIN	Basiswert					
.	.					

Teil D – Risiken

D 2	Emittentenrisiko	<p>Markt- und branchenspezifische Risiken</p> <p>Konjunkturelles Umfeld</p> <p>Die Nachfrage nach den von der Gesellschaft angebotenen Produkten und Dienstleistungen hängt wesentlich von der allgemeinen wirtschaftlichen Entwicklung ab.</p> <p>Die Gesellschaft ist in ihrer Geschäftstätigkeit vor allem auf die europäischen Märkte, und hier ganz überwiegend auf den deutschen Markt, ausgerichtet. Demzufolge ist sie in besonders hohem Maß von der konjunkturellen Entwicklung im Gebiet der europäischen Wirtschafts- und Währungsunion, und insbesondere in Deutschland, abhängig.</p> <p>Intensiver Wettbewerb</p> <p>Der deutsche Finanzsektor ist durch einen intensiven Wettbewerb gekennzeichnet. Infolge des intensiven Wettbewerbs lassen sich in den einzelnen Geschäftsfeldern oft keine auskömmlichen Margen erzielen oder müssen Transaktionen in einem Geschäftsfeld margenarme oder margen-</p>
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		<p>lose Transaktionen in anderen Geschäftsfeldern ausgleichen.</p> <p>Unternehmensspezifische Risiken</p> <p>Eigenkapitalausstattung der Emittentin</p> <p>Die Lang & Schwarz Aktiengesellschaft verfügt über ein Grundkapital von 9.438.000,00 Euro. Damit ist die Eigenkapitalausstattung der Gesellschaft deutlich niedriger als die von anderen Emittenten. Insofern sind die derivativen Produkte der Gesellschaft mit einem höheren Erfüllungsrisiko behaftet als die Derivate anderer Emittenten, die über eine umfangreichere Eigenkapitalausstattung verfügen.</p> <p>Im Extremfall, d.h. bei einer Insolvenz der Emittentin, kann eine Anlage in Derivate der Emittentin einen vollständigen Verlust des Anlagebetrages bedeuten. In diesem Zusammenhang ist von Bedeutung, dass die Emittentin keiner Entschädigungseinrichtung angehört.</p> <p>Strategische Risiken</p> <p>Eine Reihe von Faktoren, u. a. ein Marktrückgang und Marktschwankungen, eine veränderte Marktstellung der Lang & Schwarz Aktiengesellschaft und veränderte Marktbedingungen im Kernmarkt der Lang & Schwarz Aktiengesellschaft, d. h. vor allem in Deutschland, oder ungünstige gesamtwirtschaftliche Bedingungen in diesen Märkten könnten das Erreichen einiger oder aller Ziele, die sich die Lang & Schwarz Aktiengesellschaft gesetzt hat, verhindern.</p> <p>Dauerhafte Profitabilität</p> <p>Es gibt keine Gewähr dafür, dass die Lang & Schwarz Aktiengesellschaft zukünftig in der Lage sein wird, ihr derzeitiges operatives Profitabilitätsniveau beizubehalten oder zu verbessern oder einen Jahresüberschuss zu erzielen. Sollte es der Gesellschaft nicht gelingen, ihre operative Profitabilität nachhaltig beizubehalten, so kann sich dies auf die Finanz- und Ertragslage erheblich nachteilig auswirken.</p> <p>Adressenausfallrisiken</p> <p>Die Lang & Schwarz Aktiengesellschaft ist dem Adressenausfallrisiko ausgesetzt, d.h. dem Risiko von Verlusten oder entgangenen Gewinnen aufgrund von Ausfall oder Bonitätsverschlechterung von Geschäftspartnern sowie daraus resultierenden negativen Marktwertveränderungen aus Finanzprodukten. Das Adressenausfallrisiko umfasst neben dem klassischen Kreditausfallrisiko auch Länderrisiken und Emittentenrisiken sowie Kontrahenten- und Abwicklungsrisiken aus Handelsgeschäften.</p> <p>Interessenkonflikte</p> <p>Die Emittentin betreibt im Rahmen ihrer normalen</p>
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		<p>Geschäftstätigkeit Handel in dem jeweils zugrunde liegenden Basiswert. Darüber hinaus sichert sich die Emittentin gegen die mit den Derivaten verbundenen finanziellen Risiken durch sogenannte Hedge-Geschäfte (Deckungsgeschäfte, Absicherungsgeschäfte) in den betreffenden Basiswerten, bzw. in entsprechenden Derivaten, ab. Diese Transaktionen – insbesondere die auf die Wertpapiere bezogenen Hedge-Geschäfte – sind möglicherweise nicht zum Nutzen der Gläubiger der Wertpapiere und können Auswirkungen auf den Wert des Basiswertes und damit auf den Wert der Wertpapiere haben.</p> <p>Zudem kann die Emittentin gegebenenfalls in Bezug auf die Wertpapiere zusätzlich eine andere Funktion ausüben, zum Beispiel als Berechnungsstelle und/oder als Index-Sponsor, welche sich nachteilig auf die Kursentwicklung der Wertpapiere auswirken können.</p> <p>Die Emittentin kann darüber hinaus weitere derivate Instrumente in Verbindung mit dem jeweiligen Basiswert ausgeben; die Einführung solcher mit den Wertpapieren im Wettbewerb stehenden Produkte kann sich auf den Wert der Wertpapiere auswirken. Die Emittentin kann nicht öffentliche Informationen in Bezug auf den Basiswert erhalten. Zudem kann die Emittentin Research-Berichte in Bezug auf den Basiswert publizieren. Tätigkeiten der genannten Art können bestimmte Interessenkonflikte mit sich bringen und sich auf den Wert der Wertpapiere auswirken.</p> <p>Im Zusammenhang mit dem Angebot und Verkauf der Wertpapiere kann die Emittentin, direkt oder indirekt, Gebühren in unterschiedlicher Höhe an Dritte, zum Beispiel an Berater oder Vertriebspartner, zahlen oder Gebühren in unterschiedlichen Höhen einschließlich solcher im Zusammenhang mit dem Vertrieb der Wertpapiere von Dritten erhalten. Potentielle Erwerber sollten sich bewusst sein, dass die Emittentin die Gebühren teilweise oder vollständig einbehalten kann.</p> <p>Marktrisiken</p> <p>Das Marktrisiko umfasst die mögliche negative Wertänderung von Positionen der Gesellschaft durch die Veränderung von Marktpreisen.</p> <p>Schwankungen der aktuellen Zinssätze (einschließlich Veränderungen im Verhältnis des Niveaus der kurz- und langfristigen Zinssätze zueinander) könnten die Ergebnisse der Emittentin beeinflussen.</p> <p>Ein Teil der Erträge und ein Teil der Aufwendungen der Lang & Schwarz Aktiengesellschaft entsteht außerhalb der Euro-Zone. Dadurch unterliegt sie grundsätzlich einem Währungsrisiko.</p> <p>Das Handelsergebnis der Lang & Schwarz Aktiengesellschaft ist möglicherweise volatil und hängt von zahlreichen Faktoren ab, die außerhalb der Kontrolle der Emittentin liegen. Daher</p>
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		<p>besteht keine Garantie dafür, dass die Höhe des im Geschäftsjahr 2013 erzielten Handelsergebnisses beibehalten oder sogar verbessert werden kann. Ein wesentlicher Rückgang des Handelsergebnisses der Lang & Schwarz Aktiengesellschaft oder ein Anstieg der Verluste im Handelsgeschäft kann die Fähigkeit der Emittentin und des Konzerns, profitabel zu operieren, beeinträchtigen.</p> <p>Operationelle Risiken</p> <p>Operationelle Risiken rücken als eigenständige Risikoart durch die ansteigende Komplexität von Bankaktivitäten, sowie insbesondere auch durch den in den letzten Jahren stark gestiegenen Einsatz anspruchsvoller Technologien im Bankgeschäft, zunehmend ins Blickfeld.</p> <p>Liquiditätsrisiken</p> <p>Die Lang & Schwarz Aktiengesellschaft unterliegt grundsätzlich dem Liquiditätsrisiko, d.h. dass die Emittentin ihren gegenwärtigen und zukünftigen Zahlungsverpflichtungen nicht oder nicht fristgerecht nachkommen kann (Solvvenz- oder Refinanzierungsrisiko). Darüber hinaus besteht für die Lang & Schwarz Aktiengesellschaft das Risiko, dass die Emittentin Handelspositionen aufgrund von unzureichender Marktliquidität (Marktliquiditätsrisiko) nicht kurzfristig veräußern oder absichern kann oder nur zu einem geringeren Preis verkaufen kann.</p> <p>Rating</p> <p>Zurzeit liegt für keine der Konzerngesellschaften ein externes Rating vor. Dies - oder wenn ein Rating einer Konzerngesellschaft den Grenzbereich zum "non-investment grade" erreichen sollte - könnte das operative Geschäft und damit auch die Refinanzierungskosten aller Konzerngesellschaften erheblich beeinträchtigen.</p> <p>Regulatorische Risiken</p> <p>Die Geschäftstätigkeit der Lang & Schwarz Aktiengesellschaft wird von der Bundesbank und der Bundesanstalt für Finanzdienstleistungsaufsicht („BaFin“) als Finanzunternehmen reguliert und beaufsichtigt.</p> <p>Änderungen der aufsichtsrechtlichen Anforderungen können der Lang & Schwarz Aktiengesellschaft zusätzliche Verpflichtungen auferlegen. Außerdem kann die Befolgung geänderter aufsichtsrechtlicher Vorschriften zu einem erheblichen Anstieg des Verwaltungsaufwands führen, was sich nachteilig auf die Finanz- und Ertragslage der Lang & Schwarz Aktiengesellschaft auswirken könnte.</p> <p>Unternehmen des Konzerns der Lang & Schwarz Aktiengesellschaft sind Mitglieder der Entschädigungseinrichtung der Wertpapierhandelsunternehmen ("EdW") und gemäß dem</p>
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		Einlagensicherungs- und Anlegerentschädigungsgesetz (EAEG) zur Zahlung von Jahresbeiträgen verpflichtet. Die Zahlung von (Sonder-)Beiträgen an die EdW könnte die Liquiditätslage des Konzerns der Lang & Schwarz Aktiengesellschaft negativ beeinflussen.
D 6	Risiken aus den Wertpapieren	<p>Derivate im Allgemeinen</p> <p>Der Begriff Derivate dient als Sammelbegriff für Finanzinstrumente, die von anderen Anlageobjekten „abgeleitet“ sind und deren Kurs von der Preisentwicklung dieser Objekte (den Basiswerten) in hohem Maße abhängig sind. Zu den Derivaten zählen u.a. Zertifikate und Optionsscheine.</p> <p>Wenn ein Anleger derivative Produkte kauft, die ein Recht zum Kauf oder Verkauf von Wertpapieren, Devisen oder Rohstoffen verbriefen, erwirbt der Anleger, wenn sich seine Erwartungen erfüllen, einen Anspruch auf Lieferung oder Abnahme von Wertpapieren, Devisen oder Rohstoffen zu einem von vornherein festgelegten Preis.</p> <p>Beim Kauf von Derivaten, bei denen die Lieferung des Verkaufsgegenstandes ausgeschlossen ist, wie z.B. bei Zertifikaten auf Indizes, erwirbt der Anleger, wenn sich seine Erwartungen erfüllen, einen Anspruch auf Zahlung eines Geldbetrages, der sich aus der Differenz zwischen einem bestimmten im Derivat festgelegten Kurs und dem Marktkurs bei Ausübung errechnet.</p> <p>Die Derivate, die Gegenstand dieses Basisprospektes (und der Endgültigen Bedingungen) sind, gewähren in der Regel einen Anspruch auf Zahlung eines Geldbetrages, sog. Cash Settlement.</p> <p>Bei Cash Settlement ist in den Derivaten das Recht des Inhabers auf Zahlung eines Rückzahlungsbetrages bei Fälligkeit der Derivate verbrieft. Im rechtlichen Sinne erwirbt ein Anleger bei Kauf von Derivaten einen Miteigentumsanteil an einer bei einem Wertpapiersammelverwahrer hinterlegten Inhaber-Sammelurkunde („Globalurkunde“). Die Derivate stellen unbesicherte Verpflichtungen der Emittentin dar. Die Ausgabe einzelner effektiver Stücke ist gemäß den Produktbedingungen ausgeschlossen.</p> <p>Die Berechnung des Rückzahlungsbetrages ist bei derivativen Produkten grundsätzlich an die Kursentwicklung (Performance) des Basiswertes während der Laufzeit der Derivate gebunden.</p> <p>Die Preisbildung von Derivaten orientiert sich aber im Gegensatz zu den meisten anderen Wertpapieren nicht nur an dem Prinzip von Angebot und Nachfrage. Die Preisberechnung wird vielmehr auf der Basis von im Markt üblichen Preisberechnungsmodellen vorgenommen, wobei der Wert von Derivaten grundsätzlich aufgrund des Wertes des Basiswertes und des Wertes der weiteren Ausstattungsmerkmale</p>

		<p>der Derivate, die jeweils wirtschaftlich gesehen durch ein weiteres derivatives Finanzinstrument abgebildet werden können, ermittelt wird.</p> <p>Eine Kursänderung oder auch schon das Ausbleiben einer Kursänderung des dem derivativen Produktes zugrunde liegenden Basiswertes kann den Wert des Derivates überproportional bis hin zur Wertlosigkeit mindern. Der Inhaber eines Derivates kann [angesichts der begrenzten Laufzeit] nicht darauf vertrauen, dass sich der Preis des Derivates [rechtzeitig] wieder erholen wird. Der Inhaber des Derivates muss bei seinen Gewinnerwartungen die mit dem Erwerb sowie der Ausübung und dem Verkauf des Derivates bzw. dem Abschluss eines Gegengeschäftes (Glattstellung) verbundenen Kosten berücksichtigen. Erfüllen sich die Erwartungen nicht und verzichtet der Inhaber des Derivates deshalb auf die Ausübung, so verfällt das Derivat mit Ablauf seiner Laufzeit. Der Verlust liegt sodann in dem für das Derivat gezahlten Preis.</p> <p>Mindestprovisionen oder feste Provisionen pro Transaktion (Kauf und Verkauf) können kombiniert mit einem niedrigen Auftragswert (Kurs des derivativen Produktes mal Stückzahl) zu Kostenbelastungen führen, die wiederum die Gewinnschwelle erheblich erhöhen. Hierbei gilt: Je höher die Kosten sind, desto später wird die Gewinnschwelle beim Eintreffen der erwarteten Kursentwicklung erreicht, da diese Kosten erst abgedeckt sein müssen, bevor sich ein Gewinn einstellen kann. Tritt die erwartete Kursentwicklung nicht ein, erhöhen die Nebenkosten einen möglicherweise entstehenden Verlust.</p> <p>Zeitliche Verzögerung nach der Ausübung</p> <p>Wenn die Abwicklung der Wertpapiere durch Barausgleich erfolgt, kann es bei ihrer Ausübung insofern zu einer zeitlichen Verzögerung kommen, als der Zeitpunkt der Ausübung und der Zeitpunkt der Bestimmung des jeweiligen Barbetrags in Bezug auf eine solche Ausübung nicht zusammenfallen. Jede derartige Verzögerung zwischen Ausübung und Bestimmung des Barbetrags wird in den Bedingungen angegeben. Eine solche Verzögerung könnte sich allerdings deutlich verlängern, insbesondere im Falle einer Verzögerung bei der Ausübung solcher Wertpapiere mit Barausgleich, die durch eine Tageshöchstbegrenzung für die Ausübung, wie nachstehend beschrieben, oder durch Feststellung einer Marktstörung zum jeweiligen Zeitpunkt durch die Emittentin entsteht. Der jeweilige Barausgleichsbetrag könnte sich durch diese Verzögerung erhöhen oder verringern.</p> <p>Potenzielle Erwerber sollten die jeweiligen Endgültigen Bedingungen daraufhin überprüfen, ob und in welcher Weise die vorstehend beschriebenen Bestimmungen im Hinblick auf eine zeitliche Verzögerung nach der Ausübung für die Wertpapiere gelten.</p> <p>Außerordentliche Rechte auf Kündigung, vorzeitige Fälligkeit</p>
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		<p>und Anpassung</p> <p>Die Emittentin ist nach Maßgabe der Produktbedingungen berechtigt, Anpassungen hinsichtlich der genannten Produktbedingungen vorzunehmen oder die Derivate bei Eintritt bestimmter Umstände zu kündigen und vorzeitig einzulösen. Diese Umstände sind in den anwendbaren Produktbedingungen beschrieben.</p> <p>Solche Anpassungen der Produktbedingungen können sich negativ auf den Wert der Derivate sowie deren Kündigungsbetrag auswirken. Der Geldbetrag, der im Falle einer Kündigung gezahlt wird, ist unter Umständen niedriger als der Betrag, den die Inhaber der Derivate erhalten hätten, wenn keine Kündigung erfolgt wäre.</p> <p>Außerdem sollte der Anleger beachten, dass die Emittentin möglicherweise zu einem Zeitpunkt von ihrem Kündigungsrecht Gebrauch macht, der sich aus der Sicht des Inhabers der Derivate als ungünstig darstellt, weil der Inhaber der Derivate gerade zu diesem Zeitpunkt einen weiteren Kursanstieg der Derivate erwartet.</p> <p>Schließlich sind Anleger darüber hinaus dem Risiko ausgesetzt, dass sie die Beträge, die sie im Falle einer vorzeitigen Fälligkeit erhalten, möglicherweise nur zu einer Rendite anlegen können, die unter der erwarteten Rendite der vorzeitig eingelösten Derivate liegt.</p> <p>Zertifikate mit unbestimmter Laufzeit</p> <p>Bei Derivaten mit unbestimmter Laufzeit („Endlos-Zertifikate“) kann die Laufzeit nur durch Kündigung durch den Inhaber des Derivates bzw. durch Kündigung der Emittentin beendet werden, soweit dies nach den den Derivaten zugrunde liegenden Produktbedingungen vorgesehen ist. Da Endlos-Zertifikate also keinen im Voraus bestimmten Einlösungszeitpunkt haben, müssen die Inhaber der Derivate über die Depotbank bei der in den Produktbedingungen der Derivate genannten Zahlstelle eine Einlösungserklärung einreichen, um eine Kündigung/Einlösung der Zertifikate zu erreichen.</p> <p>Andererseits sollten sich die Inhaber der Derivate aber auch darüber im Klaren sein, dass trotz der Produktbezeichnung Endlos-Zertifikate der Emittentin bestimmte Kündigungsrechte zustehen. Das bedeutet, dass die Emittentin die zunächst unbestimmte Laufzeit der Derivate begrenzen kann und möglicherweise zu einem Zeitpunkt von ihrem Kündigungsrecht Gebrauch macht, der sich aus der Sicht des Inhabers des Derivates als ungünstig darstellt, weil der Inhaber des Derivates gerade zu diesem Zeitpunkt einen weiteren Kursanstieg des den Derivates zugrunde liegenden Basiswerts erwartet.</p> <p>Wechselkursrisiko</p>
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		<p>Potenzielle Anleger sollten sich darüber im Klaren sein, dass mit der Anlage in den derivativen Produkten der Emittentin Risiken aufgrund schwankender Wechselkurse verbunden sein können. Zum Beispiel kann sich die Abwicklungswährung der Wertpapiere von der Heimatwährung des Anlegers oder der Währung, in der ein Anleger Zahlungen zu erhalten wünscht, unterscheiden.</p> <p>Wechselkurse zwischen Währungen werden durch verschiedene Faktoren von Angebot und Nachfrage an den internationalen Devisenmärkten bestimmt, die durch volkswirtschaftliche Faktoren, Spekulationen und Eingriffe durch Zentralbanken und Regierungsstellen oder andere politische Faktoren (einschließlich Devisenkontrollen und –beschränkungen) beeinflusst werden. Wechselkursschwankungen können Auswirkungen auf den Wert der Wertpapiere und in Bezug auf diese zu zahlende Beträge haben.</p> <p>Der Einfluss von Hedge-Geschäften der Emittentin auf die Derivate</p> <p>Die Emittentin betreibt im Rahmen ihrer normalen Geschäftstätigkeit Handel in den dem jeweiligen Index zugrunde liegenden Einzelwerten, beziehungsweise in darauf bezogenen Options- oder Terminkontrakten. Darüber hinaus sichert sich die Emittentin ganz oder teilweise gegen die mit den Derivaten verbundenen finanziellen Risiken durch so genannte Hedge-Geschäfte (Deckungsgeschäfte, Absicherungsgeschäfte) in den den Derivaten zugrunde liegenden Einzelwerten des jeweiligen Index, beziehungsweise in darauf bezogenen Options- oder Terminkontrakten ab. Diese Aktivitäten der Emittentin – insbesondere die auf die Derivate bezogenen Hedge-Geschäfte – können Einfluss auf den sich am Markt bildenden Kurs der betreffenden Einzelwerte haben. Es kann – insbesondere unter ungünstigen Umständen (niedrige Liquidität des Einzelwertes) - nicht ausgeschlossen werden, dass die Eingehung oder Auflösung dieser Hedge-Geschäfte einen nachteiligen Einfluss auf den Wert der Derivate bzw. auf die Höhe des von den Inhabern der Derivate zu beanspruchenden Auszahlungsbetrages hat. Dies gilt insbesondere für die Auflösung der Hedge-Geschäfte am Ende der Laufzeit der Derivate.</p> <p>Handel in den Derivaten, Preisstellung durch einen Market Maker, Provisionen</p> <p>Es ist beabsichtigt, dass ein Market Maker unter gewöhnlichen Marktbedingungen regelmäßig (außerbörsliche) Ankaufs- und Verkaufskurse für die Derivate einer Emission stellen wird. Die Emittentin oder Market Maker übernehmen jedoch keinerlei Rechtspflicht hinsichtlich der Höhe oder des Zustandekommens derartiger Kurse. Der Inhaber der Derivate kann nicht darauf vertrauen, dass die Derivate während ihrer Laufzeit zu einem bestimmten Zeitpunkt oder einem bestimmten Kurs veräußert werden können.</p>
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		<p>Die von dem Market Maker für die Derivate gestellten Ankaufs- und Verkaufspreise werden grundsätzlich auf der Grundlage von branchenüblichen Preismodellen, die von der Emittentin und anderen Händlern verwendet werden und die den Wert der Derivate unter Berücksichtigung verschiedener preisbeeinflussender Faktoren bestimmen, berechnet. Die Ankaufs- und Verkaufspreise der Derivate entsprechen aber einem derart berechneten Wert der Derivate nicht notwendigerweise, sondern weichen üblicherweise von diesem ab. Eine solche Abweichung der vom Market Maker gestellten Ankaufs- und Verkaufspreise vom theoretischen Wert der Derivate wird der Höhe nach während der Laufzeit der Derivate variieren. Darüber hinaus kann eine solche Abweichung vom theoretischen Wert der Derivate dazu führen, dass die von anderen Wertpapierhändlern für die Derivate gestellten Ankaufs- und Verkaufspreise signifikant (sowohl nach unten als auch nach oben) von den von dem Market Maker gestellten Ankaufs- und Verkaufspreisen abweichen.</p> <p>Der Emissionspreis der Derivate kann Provisionen und sonstige Entgelte enthalten. Hierdurch kann eine zusätzliche Abweichung zwischen dem theoretischen Wert des Derivates und den von dem Market Maker gestellten Ankaufs- und Verkaufspreisen entstehen. Solche Provisionen und Entgelte beeinträchtigen ebenfalls die Gewinnchance des Anlegers.</p> <p>Im Falle eines sogenannten „Mistrades“ beim Kauf oder Verkauf der Derivate kann eine Aufhebung des betreffenden Geschäfts in Betracht kommen. Ein Mistrade kann insbesondere in Betracht kommen bei einem Fehler im technischen System der jeweiligen Börse, des Market-Makers bzw. Onlinebrokers, bei einem objektiv erkennbaren groben Irrtum bei der Eingabe eines Limits eines Auftrags oder eines Preises oder bei einem offensichtlich nicht zu einem marktgerechten Preis gestellten An- und Verkaufskurses („Quote“) eines Quoteverpflichteten, der dem Geschäft zugrunde lag.</p> <p>Potentielle Anleger sollten sich folglich vor Abschluss der Geschäfte über den Inhalt der Mistradebestimmungen der jeweiligen Börse, des Market-Makers bzw. Onlinebrokers ausführlich informieren. Die jeweiligen Mistradebestimmungen können auch erheblich voneinander abweichen.</p> <p>Ersetzung der Emittentin</p> <p>Die Emittentin ist bei Vorliegen der in den Produktbedingungen genannten Voraussetzungen jederzeit berechtigt, ohne Zustimmung der Inhaber der Derivate eine andere Gesellschaft als neue Emittentin hinsichtlich aller Verpflichtungen aus oder in Verbindung mit den Derivaten an die Stelle der Emittentin zu setzen. In diesem Fall übernimmt der Inhaber der Derivate grundsätzlich auch das Insolvenzrisiko der neuen Emittentin.</p>
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		<p>Keine Zinszahlungen oder sonstige Ausschüttungen</p> <p>Die unter diesem Basisprospekt emittierten Derivate sehen keine periodischen Zinszahlungen oder sonstigen Ausschüttungen während der Laufzeit der Derivate vor. Die Anleger sollten sich darüber klar sein, dass diese Derivate keine laufenden Einnahmen generieren. Mögliche Wertverluste in Bezug auf die Derivate können somit nicht durch sonstige Einnahmen im Zusammenhang mit den Derivate kompensiert werden.</p> <p>Angebotsgröße</p> <p>Die in den jeweiligen Endgültigen Bedingungen angegebene Angebotsgröße entspricht dem Maximalbetrag der zum Zeitpunkt der Emission angebotenen Wertpapiere, lässt aber keinen Rückschluss auf das Volumen der jeweilig effektiv emittierten und bei einem Zentralverwahrer hinterlegten Wertpapiere zu. Dieses richtet sich nach den Marktverhältnissen und kann sich während der Laufzeit der Wertpapiere verändern. Auf Grundlage der angegebenen Angebotsgröße sind somit keine Rückschlüsse auf die Liquidität der Wertpapiere im Sekundärmarkt und damit keine Rückschlüsse auf die Möglichkeit, die Derivate zu erwerben bzw. wieder zu veräußern, möglich.</p> <p>Darüber hinaus behält sich die Emittentin das Recht vor, von Zeit zu Zeit ohne Zustimmung der Inhaber der Derivate weitere Derivate mit gleicher Ausstattung in der Weise zu begeben, welche mit den Derivaten zusammengefasst werden, eine einheitliche Emission mit ihnen bilden und ihre Gesamtstückzahl erhöhen.</p> <p>Höchstausübungsbetrag</p> <p>Falls in den Bedingungen für die Wertpapiere angegeben, kann die Emittentin nach ihrer Wahl die Anzahl der an einem beliebigen Tag (mit Ausnahme des letzten Tages der Ausübungsfrist) ausübaren Wertpapiere auf eine festgelegte Höchstzahl begrenzen und in Verbindung mit dieser Einschränkung die Anzahl der ausübaren Wertpapiere pro Person oder Personengruppe (unabhängig davon, ob die Gruppe gemeinsam handelt) an diesem Tag limitieren. Falls die Gesamtanzahl der an einem Tag (mit Ausnahme des letzten Tages der Ausübungsfrist) ausgeübten Wertpapiere diese Höchstzahl überschreitet und die Emittentin beschlossen hat, die Anzahl der an diesem Tag ausübaren Wertpapiere zu limitieren, kann der Gläubiger möglicherweise an diesem Tag nicht alle beabsichtigten Wertpapiere ausüben. In solchen Fällen wird die Anzahl der an diesem Tag auszuübenden Wertpapiere reduziert, bis die Gesamtanzahl der an diesem Tag ausgeübten Wertpapiere der Höchstzahl entspricht (soweit die Emittentin keinen abweichenden Beschluss fasst); diese Wertpapiere werden nach Maßgabe der Bedingungen ausgewählt. Wertpapiere, die zur Ausübung bereitgehalten, aber an diesem Tag nicht ausgeübt werden, werden</p>
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		<p>automatisch am nächstfolgenden Tag ausgeübt, an dem Wertpapiere ausgeübt werden können, unter Berücksichtigung der an diesem Tag geltenden Begrenzung von ausübzbaren Wertpapieren und den Bestimmungen für die aufgeschobene Ausübung.</p> <p>Eine hieraus resultierende Verschiebung des Ausübungstages kann den Wert der Derivate beeinflussen und/oder deren Abwicklung verzögern und gegebenenfalls zu höheren Transaktionskosten führen.</p> <p>Potenzielle Erwerber sollten die jeweiligen Endgültigen Bedingungen daraufhin überprüfen, ob und in welcher Weise die vorstehend beschriebenen Bestimmungen im Hinblick auf einen Höchstausübungsbetrag für die Wertpapiere gelten.</p> <p>Risikoausschließende oder -einschränkende Geschäfte</p> <p>Anleger sollten nicht darauf vertrauen, dass sie während der Laufzeit jederzeit Geschäfte abschließen können, durch die sie ihre Risiken ausschließen oder einschränken können; dies hängt von den Marktverhältnissen und den jeweils zugrunde liegenden Bedingungen ab. Unter Umständen können solche Geschäfte nur zu einem ungünstigen Marktpreis getätigt werden, so dass ein entsprechender Verlust entsteht.</p> <p>Inanspruchnahme von Kredit</p> <p>Wenn der Erwerb der Wertpapiere mit Kredit finanziert wird, muss der Anleger beim Nichteintritt seiner Erwartungen nicht nur den eingetretenen Verlust hinnehmen, sondern auch den Kredit verzinsen und zurückzahlen. Dadurch erhöht sich das Verlustrisiko des Anlegers erheblich. Anleger sollten nicht darauf setzen, den Kredit aus den Gewinnen eines Geschäftes verzinsen oder zurückzahlen zu können. Vielmehr muss der Anleger vorher seine wirtschaftlichen Verhältnisse darauf prüfen, ob er zur Verzinsung und gegebenenfalls kurzfristigen Tilgung des Kredits auch dann in der Lage ist, wenn statt der erwarteten Gewinne Verluste eintreten.</p> <p>Besondere Risiken</p> <p>Im Folgenden werden die besonderen Risiken geschildert, die sich sowohl aus Besonderheiten der Derivate selbst als auch aus der Bezugnahme auf einen bestimmten Basiswert (Index) ergeben.</p> <p>Zertifikate auf Indizes</p> <p>Bei Zertifikaten auf Indizes trägt der Anleger das Risiko dass sich der Kurs des Index nicht in die erwartete Richtung entwickelt und sich durch die Anlage in die Zertifikate keine positive Rendite erzielen lässt. Hierdurch kann der Wert der Zertifikate unter den Wert fallen, den die Zertifikate zum Zeitpunkt des Erwerbs durch den Zertifikatsinhaber hatten.</p>
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		<p>- Risiko aus dem Basiswert</p> <p>Der Wert der Derivate hängt vorwiegend von der Kursentwicklung des zugrunde liegenden Basiswertes ab, ohne diese Entwicklung immer exakt abzubilden.</p>
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Teil E – Angebot

E 2b	Gründe für das Angebot und Verwendung der Erträge, sofern nicht zur Gewinnerzielungsabsicht	<p>- entfällt –</p> <p>Mit der Emission verfolgt die Emittentin die Gewinnerzielungsabsicht.</p>				
E 3	Beschreibung der Angebotskonditionen	<p>Lang & Schwarz bietet vom [Datum] an [Gesamt-Angebotsvolumen] [-][Endlos-][Zertifikate] bezogen auf [Basiswert] freibleibend zum Verkauf an.</p> <p>Der anfängliche Ausgabepreis wird vor dem Beginn des öffentlichen Angebotes und anschließend fortlaufend festgelegt. Der anfängliche Ausgabepreis für die [jeweilige] ISIN ist in der folgenden Tabelle angegeben:</p> <table><tr><th>ISIN</th><th>Anfänglicher Ausgabepreis in [Währung]</th></tr><tr><td>•</td><td>•</td></tr></table> <p>Sowohl der anfängliche Ausgabepreis als auch die während der Laufzeit von der Emittentin gestellten An- und Verkaufspreise basieren auf internen Preisbildungsmodellen der Emittentin. In diesen Preisen sind grundsätzlich Kosten enthalten, die u.a. die Kosten der Emittentin für die Strukturierung der Zertifikate, für die Risikoabsicherung der Emittentin und für den Vertrieb abdecken.</p> <p>Als Zahlstelle fungiert die HSBC Trinkaus & Burkhardt AG.</p>	ISIN	Anfänglicher Ausgabepreis in [Währung]	•	•
ISIN	Anfänglicher Ausgabepreis in [Währung]					
•	•					
E 4	Beschreibung aller für die Emissionen/das Angebot wesentlichen Interessen, einschließlich Interessenkonflikte	<p>Die Emittentin verfolgt mit der Emission die Gewinnerzielungsabsicht.</p> <p>Im Zusammenhang mit der Ausübung von Rechten und/oder Pflichten der Emittentin nach Maßgabe der Produktbedingungen der Derivate (z.B. im Zusammenhang mit der Feststellung oder Anpassung von Parametern der Produktbedingungen), die sich auf die Leistungen unter den Derivaten auswirken, können folgende Interessenkonflikte auftreten</p> <ul style="list-style-type: none">- durch Abschluss von Geschäften in dem Basiswert- durch Emission weiterer derivativer Instrumente in Bezug auf den Basiswert- durch den Besitz wesentlicher (auch nicht öffentlicher) Informationen über den Basiswert- durch andere Funktion (z.B. als Market Maker, Berechnungsstelle und/oder als Index-Sponsor)				

		welche sich jeweils nachteilig auf die Kursentwicklung der Wertpapiere auswirken können.
E 7	Schätzung der Ausgaben, die dem Anleger von der Emittentin oder dem Anbieter in Rechnung gestellt werden	Der Anleger kann [das][den] [jeweilige[n]] Zertifikat zu einem Festpreis erwerben. Im Festpreis sind alle mit der Ausgabe [und dem Vertrieb] verbundenen Kosten der Emittentin bzw. des Anbieters enthalten (z.B. die Strukturierungskosten, Absicherungskosten, einschließlich einer Ertragsmarge für Emittentin bzw. Anbieter.)

Risk factors

When making their decision about an investment in the derivative instruments of the Issuer, potential investors should carefully read and take into consideration the following risk factors, together with the other information contained in this Base Prospectus (and the information in the Final Terms).

The series of risk factors below does not contain any statement about the scale of the potential financial effects in the event the risks are realized or about the probability of occurrence of the explained risks. The risks mentioned may occur individually or cumulatively.

Potential investors are advised to read this Base Prospectus (and the information in the Final Terms) and to contact their personal advisors (including tax advisors) before making an investment in the derivatives instruments. These risk factors do not replace the need of investors to obtain advice from their bank in individual cases.

For the reasons specified below, investors should only purchase the derivative instruments if they can bear the risk of the loss (up to the total loss) of the capital employed and the expended transaction costs.

Risk factors relating to securities

derivative instruments in general

The term "derivative instrument" is a collective term for financial instruments that are "derived" from other investment objects, the price of which depends on the price performance of such objects (the underlying assets) to a great degree. Derivative instruments include among others certificates and warrants.

If investors purchase derivative products that represent a right to buy or sell securities, currencies or commodities, they acquire, if their expectations are fulfilled, a right to demand the delivery or acceptance of securities, currencies or commodities at a price determined from the outset.

When purchasing derivative instruments, for which the delivery of the underlying asset is excluded, e.g. in the case of index certificates, investors acquire, if their expectations are fulfilled, a right to demand the payment of a cash amount which is calculated upon exercise based on the difference between a specific price determined in the derivative instrument and the market price at the time of exercise.

The derivative instruments forming the subject of this Base Prospectus (and the Final Terms) normally grant a right to demand the payment of a cash amount (a so-called "cash settlement").

With a cash settlement, the right of the holder to demand payment of a redemption amount upon maturity of the derivative instruments is represented in the derivative instruments. In a legal sense, an investor acquires with the purchase of derivative instruments a co-ownership share in a global bearer certificate deposited with a central securities depository ("global certificate"). Derivative instruments represent unsecured obligations of the Issuer. The issue of individual effective certificates is excluded according to the Product Terms and Conditions.

The calculation of the redemption amount is generally linked with respect to derivative products to the price performance of the underlying asset during the term of the derivative instruments.

However, in contrast to most other securities, the pricing of derivative instruments is oriented not only on the principle of supply and demand. The price is instead calculated based on market price calculation model standards, with the value of the derivative instrument being calculated based on the value of the underlying asset and the value of the other characteristics of the derivative instrument, which, viewed financially, can be depicted through a further derivative financial instrument.

A price change or even the absence of a price change of the asset underlying of the derivative product can reduce the value of the derivative instrument disproportionately up to a total loss. The holder of a derivative instrument cannot trust that the price of the derivative instrument will reach its previous levels again. Holders of derivative instruments must take into account in their profit expectations the costs associated with the purchase, exercise and sale of the derivative instrument and/or the closing of a countertrade (liquidation). If these expectations are not fulfilled and the holder of the derivative instrument therefore waives the exercise, the derivative instrument thus expires at the end of its term. The loss will thus consist in the price paid for the derivative instrument.

Minimum or fixed commissions per transaction (purchase and sale) can lead together with a low order value (price of the derivative product multiplied with the number of units) to cost charges that significantly increase the profit threshold. Here, the higher the costs, the later the profit threshold will be reached should the price perform as anticipated, because these costs have to be covered before any profit can be earned. If the price does not perform as anticipated, the ancillary costs increase any potentially arising loss.

Temporal delay after exercise

If the securities are settled in cash, a temporal delay can come about during the exercise if the date of the exercise and the date the cash amount is determined in relation to such exercise do not coincide. Any such delay between the exercise and the determination of the cash amount will be specified in the terms and conditions. Such a delay can be clearly extended, however, particularly in the case of a delay during the exercise of securities for cash settlement arising through a daily limit on the exercise, as described below, or through the determination of a market disruption by the Issuer as of the relevant date. The respective cash settlement amount can increase or decrease as a result of such a delay.

Potential purchasers should review the Final Terms as to whether and in what ways the provisions described above apply to the securities with respect to temporal delays after the exercise.

Extraordinary rights to termination, early redemption and adjustments

The Issuer is entitled in accordance with the Product Terms and Conditions to make adjustments to the Product Terms and Conditions or to terminate the derivative instruments upon the occurrence of certain circumstances and to redeem them early. These circumstances are described in the applicable Product Terms and Conditions.

Such adjustments of the Product Terms and Conditions may have an adverse effect on the value of the derivative instruments and their termination amount. The cash amount paid in the case of termination might under some circumstances be lower than the amount the holder of the derivative instruments would have received had no termination occurred.

Moreover, investors should note that the Issuer might use its termination right on a date which might appear to be unfavorable from the view of the holder of the derivative instrument because the holder expects a further price increase of the derivative instruments precisely on that date.

Finally, investors are moreover exposed to the risk that they will only be able to invest the amounts they receive in the event of early redemption at a yield that lies below the anticipated yield of the early redeemed derivative instrument.

Certificates with indefinite terms

In the case of derivative instruments with indefinite terms ("open-ended certificates"), the term may only be ended through termination by the holder of the derivative instrument or through termination by the Issuer, provided this is foreseen in accordance with the Product Terms and Conditions of the derivative instruments. Because open-ended certificates thus have no redemption date determined in advance, the holders of the derivative instruments have to submit via the custodian to the paying agent named in the Product Terms and Conditions of the derivative instruments a redemption declaration in order to achieve a termination/redemption of the certificates.

On the other hand, holders of the derivative instruments should understand that despite the product term "open-ended certificates" the Issuer is entitled to certain termination rights. This means that the Issuer can limit the initially indefinite term of the derivative instruments and potentially use its termination right at a time that appears unfavorable from the view of the holder of the derivative instrument, because the holder was expecting a further price increase for the asset underlying of the derivative instrument at this time.

Exchange rate risk

Potential investors should understand that risks can be associated with the investment in the derivative products of the Issuer based on fluctuating exchange rates. For example, the settlement currency of the securities can be different from the home currency of the investor or the currency in which an investor desires to receive payments.

Exchange rates between currencies are determined by supply and demand on the international currency markets, which are influenced by various economic factors, speculation and intervention by central banks and government agencies and other political factors (including currency controls and restrictions). Fluctuations in exchange rates can have effects on the value of the securities and in relation to the amounts payable on them.

The effect of hedges of the Issuer on the derivative instruments

Within the framework of its normal business activity, the Issuer trades in securities that are contained in relevant indices and in options and futures on such securities. Moreover, the Issuer protects itself in whole or in part against the risks associated with the derivative instruments through so-called "hedges" (covering transactions, hedging transactions) in the index securities underlying the derivative instruments or in corresponding options or futures. These activities of the Issuer—particularly the hedges relating to the derivative instruments—could impact the pricing on the market for the relevant security. In unfavorable circumstances (low liquidity of the security), it cannot be ruled out that entering or liquidating hedges might have an adverse effect on the value of the derivative instruments and on the redemption amount to be required by the holders of the derivative instruments. This applies in particular to the liquidation of hedges at the end of the term of the derivative instruments.

Trade in derivative instruments, pricing through a market maker, commissions

It is intended that a market maker regularly quotes under normal market conditions (off-exchange) ask and bid prices for the derivative instruments of an issue. However, the Issuer and the market maker assume no legal duty whatsoever regarding the amount or existence of such prices. The holder of the derivative instruments may not trust that the derivative instruments will be able to be sold during their term on a certain date or at a certain price.

The ask and bid prices quoted by the market maker for the derivative instruments are in principle calculated based on common industry price models that are used by the Issuer and other market makers to determine the value of the derivative instruments with due regard to various factors affecting the price. However, the ask and bid prices of the derivative instruments do not necessarily correspond to the value of the derivative instruments calculated in this way but usually vary from this value. The amount of this variation in the ask and bid prices quoted by the market maker from the theoretical value of the derivative instruments changes during the term of the derivative instruments. Moreover, such variation from the theoretical value of the derivative instruments can cause the ask and bid prices quoted by other securities dealers for the derivative instruments to vary significantly (both upwards and downwards) from the ask and bid prices quoted by the market maker.

The issue price of the derivative instruments can contain commissions and other fees charged by the Issuer (e.g. for the issue) which can be passed on by the Issuer in whole or in part to advisors and/or distributors as fees for distribution activities. As a result, additional variation can arise between the theoretical value of the derivative instrument and the ask and bid prices quoted by the market maker. Such commissions and fees likewise impair the potential profit of the investor.

In the event of so-called "mistrades" during the purchase or sale of derivative instruments, it is possible that the relevant transaction will be cancelled. A mistrade can be considered in particular in the case of an error in the technical system of the stock exchange, the market maker or online broker, in the case of an obvious gross error made while inputting a price or a limit for an order or in the case of a buy or sell price ("quote") provided by the responsible party that was obviously not determined at a price justified by the market, though the price formed the basis for the transaction.

Potential investors should consequently inform themselves in detail before concluding transactions about the content of the mistrade provisions of the relevant stock exchange, market maker or online broker. Mistrade provisions can vary significantly from one another.

Replacement of the Issuer

If the requirements mentioned in the Product Terms and Conditions are met, the Issuer will be entitled at any time without the approval of the holders of the derivative instruments to replace itself with another company as new Issuer in relation to all obligations from or in connection with the derivative instruments. In this case, the holder of the derivative instruments will in principle also bear the insolvency risk of the new Issuer.

No claim against the issuer of an underlying asset

Derivative instruments relating to an underlying asset do not establish any payment or other claims against the issuer of the asset underlying the derivative instrument. In particular, in the case the payments are lower upon redemption of the derivative instruments by the issuer than the purchase price paid by the holder of the derivative instruments for the instruments, the holder cannot take recourse against the issuer of the underlying asset.

No interest payments or other dividends

The derivative instruments issued under this Base Prospectus do not provide for any periodic interest payments or other dividends during the term of the derivative instruments. The investors should understand that these derivative instruments do not generate current income. Potential losses in value in relation to the derivative instruments can therefore not be compensated through other income related to the derivative instruments.

Offer size

The offer size specified in the Final Terms corresponds to the maximum amount of the securities offered on the issue date, but does not allow any conclusion to be drawn about the volume of securities effectively issued and those deposited with a central custodian. This is determined in accordance with the market circumstances and may change over the term of the securities. Based on the specified size of the offer, no conclusions can thus be drawn about the liquidity of the securities on the secondary market nor can any conclusions be drawn about the possibility of purchasing or reselling the derivative instruments.

Moreover, the Issuer reserves the right to issue from time to time without the approval of the holders of the derivative instruments further derivative instruments at the same terms in such manner that they are consolidated with the derivative instruments, constitute a uniform issue with them and increase the total number of units.

Maximum exercise amount

If specified in the terms and conditions for the securities, the Issuer may, at its choice, limit the number of securities exercisable on any given day (except for the last day of the exercise period) to a defined maximum number and limit in connection with this restriction the number of securities exercisable on such day per person or group of persons (irrespective of whether the group acts jointly). If the total number of securities exercised on one day (except for the last day of the exercise period) exceeds this maximum number and the Issuer has resolved to limit the number of securities exercisable on this day, the holders might not be able to exercise all securities they planned to exercise on such date. In such cases, the number of securities exercisable on such day will be reduced until the total number of securities exercised on the relevant date corresponds to the maximum number (unless the Issuer adopts a deviating resolution); these securities will be selected in accordance with the terms and conditions. Securities which are kept ready for exercise but are not exercised on this date will automatically be exercised on the next day on which the securities can be exercised with due regard to the limit applicable on such day for the exercisable securities and the provisions for the postponed exercise.

Any resulting postponement of the exercise date may affect the value of the derivative instruments and/or the settlement thereof and lead to higher transaction costs.

Potential purchasers should review the relevant Final Terms as to whether and in what manner the provisions described above apply to a maximum exercise amount for the securities.

Transactions excluding or limiting risk

Investors should not trust that they can at any time during the term conclude transactions through which they will be able to exclude or limit their risks; this depends on market circumstances and the relevant conditions. In some circumstances, such transactions can only be made at an unfavorable market price leading to a corresponding loss.

Recourse to credit

If the purchase of the securities is financed with credit and the expectations of investors are then not met, the investors may have to bear not only the loss incurred but also have to reimburse the credit and interest. The risk of loss thus increases significantly for such investors. Investors should not expect to be able to pay the principal or interest of a loan using the profit from any transaction. Instead, the investors must review their financial circumstances to determine whether they are in the position to pay interest and repay the principal of a loan in the short term if losses are incurred instead of the anticipated profit.

Special risks

Special risks are discussed below which arise (i) from the special features of the derivative instruments themselves and (ii) from the reference to a specific underlying asset (index).

(i) Risks from special features of the derivative instruments themselves

Special features of index certificates

With index certificates, investors bear the risk that the price of the index might not develop in the expected direction so that no positive yield will be able to be earned by investing in the certificates. As a result, the value of the certificates can fall below the value which the certificates had on the date purchased by certificate holder.

(ii) Risks from the reference to a specific underlying asset

The value of derivative instruments largely depends on the price performance of the underlying asset, but does not always precisely depict such performance.

Index as an underlying asset

Derivative instruments related to a price index are associated with the following special risks:

- No exertion of influence by the Issuer

The Issuer of the derivative instruments in principle has no influence on the composition and performance of an index underlying the derivative instruments or on the performance of the relevant index components.

- Dependence on the value of the index components

The value of an index is calculated based on the value of its components. Changes in the prices of the index components, the index composition and other factors that (could) have an impact on the value of the index components also influence the value of the derivative instruments that can refer to the corresponding index and thus can affect the yield of an investment in these derivative instruments. Fluctuations in the value of one index component can be balanced out or reinforced through fluctuations in the value of other index components. The performance of an index in the past does not represent any guarantee of its future performance. An index used as an underlying asset might not be available for the entire term of the derivatives and might be switched or further calculated by the Issuer itself. In these or other cases mentioned in the Final Terms, derivative instruments can also be terminated by the Issuer.

The index serving as an underlying asset might only depict the performance of assets from certain countries or certain sectors. In such case, investors are exposed to a concentration risk. In the case of unfavorable economic development in one country or in relation to a specific sector, this performance can have an adverse impact for investors. If several countries or sectors appear in the index, they might be weighted unequally. This means that the index in the event of unfavorable development in one country or sector with a heavy weighting in the index can have a disproportionate adverse affect on the value of the index.

Investors should note that the selection of an index is not based on the expectations or estimations of the Issuer or the calculation agent with respect to the future performance of the selected index. Investors should therefore make their estimation of future performance based on their own knowledge and sources of information.

- No liability of the index sponsor

The Index is basically composed and calculated by the index sponsor without regard to the interests of the Issuer or the holders of the derivative instruments. The index sponsors generally assume no obligation or liability in relation to the issue or sale of or trade in derivative instruments.

- Publication of the index composition

Even if the composition of the indices is to be published on a website or in other media mentioned in the Product Terms and Conditions, the published composition might possibly not always correspond to the current composition of the index because the updated composition might be published on the website of the index sponsor in some circumstances with a significant delay of up to several months.

- Price index

If the index serving as the underlying asset is a price index, dividend distributions of the stocks contained in the index lead to a lower index level—in contrast to performance indices. Investors thus do not partake in dividends or other distribution in relation to the equities contained in the price index.

- Wikifolio Index

A Wikifolio Index reflects the performance of a notional reference portfolio, which can be composed of equities, ADRs, subscription rights, ETFs, funds, bonds and derivative instruments on these underlyings listed on German stock exchanges (Regulated Market and Open Market), and derivative index instruments (including Wikifolio indices), currencies, interest rate futures, futures and commodities (in this section on the "Wikifolio Index" referred to as "Securities") and cash on hand (together the "Components of the Notional Reference Portfolio").

If the underlying asset is a Wikifolio Index, it must be taken into account that the relevant Wikifolio Index is not an index established on the market. Instead, the Wikifolio Index is only composed, modified, calculated and published by Lang & Schwarz TradeCenter AG & Co. KG as index sponsor (in this capacity, the "Sponsor") essentially to serve as the reference object for open-ended certificates.

When composing, modifying and calculating the respective notional reference portfolio, which is depicted through the index at a 1:1 ratio, the Sponsor is advised by wikifolio Financial Technologies AG, Vienna, Austria (in this section on the "Wikifolio Index," the "Adviser"). The Adviser in turn avails itself when performing the advisory services of the support of third parties (so-called "editors"), who publish virtual portfolios on the website www.wikifolio.com. Every virtual portfolio can thereby serve as the basis of a notional reference portfolio for the relevant Wikifolio Index.

The value of the notional reference portfolio and thus the respective Wikifolio Index, which depicts the notional reference portfolio at a 1:1 ratio, is calculated based on the value of equities, ADRs, subscription rights, ETFs, funds, bonds and derivative instruments on German stock exchanges (Regulated Market and Open Market) on these underlyings, and derivative index instruments (including Wikifolio Indices), currencies, interest rate futures, futures and commodities and cash on hand. Changes in the value of the underlying Components of the Notional Reference Portfolio lead to changes in the value of the related notional reference portfolio and thus also in the level of the related Wikifolio Index that depicts the respective notional reference portfolio at a 1:1 ratio.

Change in the composition of the notional reference portfolio by the Sponsor

The notional reference portfolio, which depicts the respective Wikifolio Index at a 1:1 ratio, is composed, modified, calculated and published by the Sponsor. This transpires in accordance with a procedure determined by the Sponsor, after decisions are taken regarding the composition of the notional reference portfolio (in this section on the "Wikifolio Index," the "Investment Strategy").

The Sponsor thus bears the responsibility for the current composition of the notional reference portfolio, i.e. the responsibility for the selection and number of the Securities contained in the notional reference portfolio (e.g. 100 shares of Daimler AG).

In principle, the editor's trading idea forms the basis for the Investment Strategy of the Sponsor, which adopts this idea. Therefore, the Sponsor in principle accepts the proposals of the editor regarding the implementation of the editor's trading idea.

A measure of the Sponsor at variance with the editor's trading idea is possible at any time based on technical and practical considerations. In the case of changes in the composition of the notional reference portfolio, losses can come about in the value of the notional reference portfolio and thus in the index depicting the notional reference portfolio at a 1:1 ratio, reflecting the fact that the sale of an existing component of the notional reference portfolio is associated with a discount and the purchase of a new component is associated with a premium.

Furthermore, it can be that the change in the composition of the notional reference portfolio will cause the value of the notional reference portfolio and thus the level of the Wikifolio Index depicting the notional reference portfolio at a 1:1 ratio to decrease as a consequence of adverse future performance of the newly selected Components of the Notional Reference Portfolio. Vice versa, however, it can be that the Sponsor will not undertake changes in the composition of the notional reference portfolio, even though the Components of the Notional Reference Portfolio have performed negatively over a certain period of time and the value of the notional reference portfolio and thus the level of the Wikifolio Index, which depicts the notional reference portfolio at a 1:1 ratio, has decreased. In such a case, no obligation exists on the part of the Sponsor to change the composition of the notional reference portfolio in order to counteract any further adverse performance of the notional reference portfolio.

Risk of the Investment Strategies of the Sponsor

Each Wikifolio Index reflects the performance of a notional reference portfolio, which can be composed of stocks, ADRs, subscription rights, ETFs, funds and bonds listed on German stock exchanges (Regulated Market and Open Market) and derivatives on these underlyings and derivative index instruments (including Wikifolio Indices), currencies, interest rate futures, futures and commodities and cash on hand.

The Sponsor manages the notional reference portfolio based on the Investment Strategy of the Sponsor for the notional reference portfolio, though it cannot be ensured that the respective Investment Strategy will actually succeed and the value of the notional reference portfolio and thus also the relevant index value will perform positively.

The certificate holder therefore bears the risk of having to withstand a loss if the relevant index value on which basis the redemption amount is calculated per certificate is lower than the acquisition price paid by the certificate holder per certificate.

The market conditions can develop in a direction in which the Investment Strategy does not bring the sought positive performance of the notional reference portfolio and thus of the

relevant index, but instead can entail a loss in the value of the notional reference portfolio and thus of the relevant index. In this case, the certificate holder bears the risks that upon redemption of the certificates or termination of the certificates by the Issuer a loss will have to be absorbed, if the redemption amount per certificate calculated based on the respective index value is lower than the acquisition price paid by the certificate holder per certificate.

Risk from the responsibility for the composition of the General and Specific Investment Universe

The Sponsor determines the Securities which can be incorporated into a virtual portfolio and thus into a notional reference portfolio (the "General Investment Universe") and divides these into various investment categories. The Sponsor is free in its decision to undertake adjustments to the General Investment Universe. This means that the incorporation of Securities into the General Investment Universe and a deletion of Securities from the General Investment Universe can be undertaken by the Sponsor at any time. This can be the case, for example, if the listing of a Security is suspended or, in the view of the Sponsor, the market liquidity is insufficient. Moreover, the Sponsor is entitled to change the division of Securities into investment categories.

For each notional reference portfolio, the Sponsor is also entitled but not obliged to restrict the General Investment Universe to specific investment categories (e.g. only equities) ("Specific Investment Universe"). Changes in the division of Securities into investment categories can therefore have effects on the Specific Investment Universe and thus also on the current composition of the notional reference portfolio.

Changes in the General Investment Universe may also impact the Specific Investment Universe and thus the current composition of the notional reference portfolio. A deletion of a Security from the General Investment Universe leads automatically to a deletion of the Security from the Specific Investment Universe and from the notional reference portfolio.

A corresponding measure of the Sponsor can lead to a situation where the value of the notional reference portfolio and thus the level of the Wikifolio Index, which depicts the notional reference portfolio at a 1:1 ratio, does not develop in the same fashion as if the measure had not been undertaken.

Risk based on the selection process of the Sponsor and its Adviser

The selection process relating to the composition of the notional reference portfolio is undertaken by the Sponsor, while the Components of the Notional Reference Portfolio are published promptly after the selection by the Sponsor with some delay on the website www.wikifolio.com. The certificate holder must therefore trust the selection of the Sponsor and cannot decide in advance of the Sponsor's selection whether the certificate holder would like to continue to invest in the certificates.

The Sponsor alone is responsible for the Investment Strategies, the calculation of the notional reference portfolio and the calculation of the relevant Wikifolio Index. Neither the calculation of the notional reference portfolio, the relevant index nor other procedures relating to the relevant Wikifolio Index are verified by an independent third party, e.g. an auditor.

Furthermore, no maximum weighting is foreseen for each individual component of the notional reference portfolio. If an editor proposes a weighting for individual components, the Sponsor is not bound to this proposal. Therefore, individual components can be represented disproportionately in the relevant notional reference portfolio. This means that in the case of the unfavorable performance of a component contained in the relevant notional reference portfolio, the value of the notional reference portfolio and thus the Wikifolio Index, which depicts the notional reference portfolio at a 1:1 ratio, can lose disproportionate value.

Key person risk

The Adviser advises the Sponsor on the composition of the notional reference portfolio. The Adviser avails itself of the support of the editors to fulfill its advisory services. The editor provides the Sponsor proposals in relation to both the restriction of the General Investment Universe in terms of investment categories and the current composition of the notional reference portfolio. The Sponsor then reviews these proposals and adopts them if relevant.

The Sponsor and/or the Adviser do not review the editor's qualifications. Hence, inexperienced editors can provide advice about the securities transactions. Moreover, a risk exists that an editor will be absent (e.g. due to illness).

A cooperation agreement has been concluded between the Sponsor and the Adviser that provides a mutual termination right with a notice period of 9 months effective from the end of any calendar year.

Upon cessation of the business relation concerning the advice on the composition of the relevant notional reference portfolio or upon the loss of an editor, the Sponsor might not maintain the previously pursued Investment Strategies.

Cash on hand

The relevant notional reference portfolio may consist in whole or in part of notional cash assets. The cash assets do not accrue interest within the framework of the notional reference portfolio.

Fees

In connection with the activity of the Sponsor and/or the Adviser appointed by the Sponsor, fees, a certificate fee and a performance fee might be incurred. These fees flow daily into the calculation of the relevant notional reference portfolio and lead to a reduction in the value of the notional reference portfolio and thus also of the relevant Wikifolio Index, which depicts the notional reference portfolio at a 1:1 ratio, and thus to a reduction in the redemption amount which the investors can claim.

Change in the composition of the notional reference portfolio outside the opening hours of the reference stock exchanges

Outside the trading hours of the reference stock exchange, the spread between the bid and offer prices is normally broader than during the opening hours of the reference exchange. If the composition of the notional reference portfolio outside the opening hours of the reference exchange changes, this can thus have negative effects on the value of the notional reference portfolio.

Currency risk

Pursuant to the Product Terms and Conditions, the redemption amount or the payable purchase price is an amount in euro. The Components of the Notional Reference Portfolio may be denominated in other currencies. Therefore, the risk of a loss on the part of the certificate holder also depends on the performance of the relevant currency markets. Unfavorable performances in these currency markets can increase the loss-related risk that the value of the Component of the Notional Reference Portfolio and thus the value of the relevant index, which depicts the notional reference portfolio at a 1:1 ratio, and the amount of the potential redemption amount to be claimed will decrease accordingly.

Risks relating to the Components of the Notional Reference Portfolio

Equities/ADRs: A significant part of the composition of each notional reference portfolio can be oriented on equities and/or ADRs. The risks of losses of investments in equities and/or ADRs are frequently higher than the risks associated with investments in bonds or other debt instruments.

In particular, the securities of small and mid-sized enterprises (in relation to the market capitalization) can have a more limited market than securities of large enterprises. Accordingly, it can be more difficult with such securities to carry out sales at a favorable point in time or without considerable price losses than with securities of enterprises with large market capitalization and a broad trading market. Moreover, securities of small and mid-sized enterprises are frequently subject to greater price fluctuations, because they generally react more sensitively to negative market factors such as unfavorable economic reports. Furthermore, the risk of insolvency can be higher than with enterprises that have a relatively high market capitalization. The spread between the bid and offer prices is also normally broader than that of equities with higher market capitalization.

Subscription rights: A significant part of the composition of the relevant notional reference portfolio can contain subscription rights. A risk exists with regard to subscription rights that, should the subscription rights begin to be traded, the rights will expire worthlessly at the end of the subscription period.

Funds/ETFs: A significant part of the composition of the notional reference portfolio can be oriented on funds and/or ETFs. Internal costs for the administration and management of the funds and/or ETFs worsen the profit expectation of each fund/ETF held in the notional reference portfolio and thus of the notional reference portfolio. The composition of the notional reference portfolio through the use of funds and/or ETFs can represent an investment strategy that is based on falling prices.

Fixed-income securities from issuers with poor credit ratings/subordinated bonds: A considerable part of the composition of the notional reference portfolio can contain securities of issuers with low credit ratings. Such issuers are typically associated with elevated insolvency risk.

The notional reference portfolio can further contain subordinated bonds. These bonds are more similar to shareholders' equity than loans. Therefore, the risks presented for equities also apply to them.

Derivative instruments: A significant part of the relevant notional reference portfolio can contain derivative instruments. "Derivative instruments" are financial instruments or contracts whose performance depends on or is derived from other securities (equities or fixed income instruments), currencies, interest rates, indices (including Wikifolio Indices) or other assets, the relative value of two or more elements or assets, financial or other activities or other elements. These products are often complex, frequently contain considerable leverage and can be susceptible to great fluctuation. In general, in addition to opportunities, derivatives entail high risk (including the risk of a total loss).

If relevant, internal costs of the derivative instrument, e.g. for certificate or performance fees, can worsen the profit expectation of the derivative instrument contained in the notional reference portfolio and thus also that of the notional reference portfolio.

The composition of the notional reference portfolio can contain derivative instruments of issuers with low credit ratings. Moreover, the composition of the notional reference portfolio through the use of derivative instruments can represent an investment strategy based on falling prices.

Insolvency risk is associated with the issuers of the derivative instruments. Should internal costs of each issuer be factored into the products, the profit expectation of the derivative instrument and thus of the notional reference portfolio worsens.

Exchange rate and currency risks: A considerable part of the notional reference portfolio can contain components in other currencies as euro. In this case, there is a risk of currency losses that arise, for example, when the value of these currencies falls in relation to the euro.

Risk factors regarding the Issuer

Market- and sector-specific risks

Economic environment

The demand for the products offered and services by Lang & Schwarz Aktiengesellschaft (hereinafter, "Lang & Schwarz", "Lang & Schwarz AG", the "Issuer" or the "Company" and, together with its subsidiaries, also the "Lang & Schwarz Group" or the "Group") significantly depends on general economic development. For example, the proprietary trading activities and the trading result of the capital market environment are depend on the expectations of the market participants. Declining business valuations lead to a flight of investors into lower-risk investment product groups (e.g. fixed-income products), which are not offered by the Company.

The business activity of the Company is oriented above all on the European markets, largely on the German market. Consequently, it is dependent to a particularly high degree on economic development in the territory of the European Economic and Currency Union, particularly in Germany. Should the economic framework conditions deteriorate further or the impulses and reforms necessary to animate the German and European economy not materialize, this can have material adverse effects on the financial, liquidity and earnings position of the Company.

Intensive competition

The German financial sector is characterized by intensive competition. As a consequence of the intensive competition, sufficient margins can often not be attained or transactions in one segment have to compensate for low-margin or marginless transactions in another.

Lang & Schwarz Aktiengesellschaft competes with other companies in the financial industry, particularly with financial service and credit institutions.

Should the Company not succeed in offering its products and services at competitive conditions and thus earn a margin which at least covers the costs and risks associated with its business activity, this can have significant negative effects on the financial, liquidity and earnings position of the Company.

Company specific risks

Equity capitalization of the Issuer

Lang & Schwarz Aktiengesellschaft has a capital stock of EUR 9,438,000.00. The equity capitalization of the Company is therefore much lower than that of other issuers. Therefore, the derivative products of the Company contain with a higher degree of performance risk than the derivatives of other issuers that dispose of more equity.

In an extreme case, i.e. if the Issuer becomes insolvent, an investment in derivative instruments of the Issuer could lead to a complete loss of the invested amount. In this context, it is significant that the Issuer does not belong to a deposit assurance system.

Strategic risks

A series of factors, including a market decrease and market fluctuations, an altered position of Lang & Schwarz Aktiengesellschaft on the market and altered framework conditions in the core market of Lang & Schwarz Aktiengesellschaft, above all in Germany, or unfavorable

economic conditions in these markets could prevent the achievement of some or all goals pursued by Lang & Schwarz Aktiengesellschaft. If Lang & Schwarz Aktiengesellschaft does not succeed in implementing its strategic plans in whole or in part or if the costs for the achievement of these goals exceed the expectations of Lang & Schwarz Aktiengesellschaft, the future earnings power of the Company and its competitiveness could be significantly adversely impacted.

Sustained profitability

There is no guarantee that Lang & Schwarz Aktiengesellschaft will be able in the future to maintain or improve its current operating profit level or to earn net profit. The operating income may decline or stagnate for various reasons, e.g. in the event of stagnation or a decrease in the commission-based business or a decrease in the trading result. Should the Company not succeed in maintaining its operating profitability in a sustained fashion, this can have a substantial adverse effect on the liquidity and earnings situation.

Counterparty default risks

Lang & Schwarz Aktiengesellschaft is subject to a counterparty default risk, i.e. the risk of losses or lost profit based on the loss or deterioration in the credit rating of business partners and the resulting adverse market value changes from financial products. In addition to classic credit default risk, default risk generally encompasses country and issuer risks, counterparty and settlement risks from each trade undertaken by a financial institution with a customer, i.e. also upon the acquisition of securities (risk of price losses based on unexpected deterioration in the credit rating of an issuer (=issuer risk)). It cannot be ruled out that Lang & Schwarz Aktiengesellschaft will have to absorb losses, e.g. as a consequence of a sustained weak economic situation, of the increase in corporate insolvencies (particularly in Germany) or a change in the reserves and risk management requirements. This could have a significant adverse impact on the financial, liquidity and earnings position of the Company and make it necessary to accept additional shareholders' equity.

Conflicts of interest

Conflicts of interest could arise in connection with the exercise of rights and/or duties of the Issuer in accordance with the Product Terms and Conditions of the derivatives (e.g. in connection with the determination or adjustment of the parameters of the Product Terms and Conditions), which would affect the performances under the derivative instruments.

Within the framework of their normal business activity, the Issuer and its Group companies conclude trades in underlying assets. Moreover, the Issuer protects itself against the financial risks associated with derivatives through "hedges" (covering transactions, hedging transactions) in the relevant underlying assets or in corresponding derivative instruments. These transactions—particularly the hedges relating to the securities—might not be to the benefit of the holders of the securities and could have effects on the value of the underlying asset and thus on the value of the securities.

The Issuer may moreover issue further derivatives in connection with the underlying asset; the introduction of products that compete with these securities can affect the value of these securities.

Within the framework of their other business activity, the Issuer and its Group companies may receive material (also non-public) information in relation to the underlying asset. Moreover, the Issuer may publish research reports related to the underlying asset. Activities of this nature may entail conflicts of interest and impact the value of the securities.

Lang & Schwarz TradeCenter AG & Co. KG, a Group company of the Issuer, acts as market maker for the derivatives and in certain cases also for the underlying assets. Through market making, Lang & Schwarz TradeCenter AG & Co. KG itself largely determines the price of the derivatives and the underlying asset and thus influences the value of the derivative instruments. The prices quoted by Lang & Schwarz TradeCenter AG & Co. KG in its capacity as market maker do not always correspond to the prices that would have formed on a liquid market without such market making. Moreover, the Issuer or one of its Group companies might also exercise a different function in relation to the securities, e.g. as calculation agent and/or index sponsor, which could have adverse effects on the price performance of the securities.

Market risks

Market risk encompasses the potential adverse change in the value of positions of the Company through changes in market prices, e.g. interest, currency, stock prices or price-influenced parameters (volatilities, correlations).

Fluctuations of the current interest rates (including changes related to the level of short- and long-term interest rates to each other) could influence the results of the Issuer. In principle, fluctuations of the level of the short- and long-term interest rates influence the amount of profit and losses from securities held in the financial assets of Lang & Schwarz Aktiengesellschaft and the timing when such profits and losses are taken. Interest rate fluctuations in the Euro Zone sharply impact the value of the financial assets. An increase in the interest rate level can substantially decrease the value of the fixed-income financial assets, and unforeseen fluctuations in interest rates can adversely affect the value of the portfolios of bonds and derivative interest rate instruments held by the Group in a significant fashion.

Part of the income and part of the expenses of Lang & Schwarz Aktiengesellschaft arise outside the euro zone. The Company is therefore generally subject to currency risk. Because the financial statements of Lang & Schwarz Aktiengesellschaft are prepared in euro, foreign currency transactions and positions not denominated in euro are converted into euro at the exchange rates applicable at the end of the relevant period. Therefore, the results of Lang & Schwarz Aktiengesellschaft are subject to the effects of the fluctuations in the euro in relation to the other currencies, e.g. the U.S. dollar. Should, as a result of currency fluctuations, income earned in a currency other than euro turn out to be lower upon conversion into euro or should expenses incurred in a currency other than euro turn out to be higher upon conversion into euro, this could have an adverse impact on the financial and earnings situation of Lang & Schwarz Aktiengesellschaft.

The trading result of Lang & Schwarz Aktiengesellschaft can be volatile and depends on numerous factors outside the control of the Issuer, such as the general market environment, trading activity as a whole, interest rate levels, currency fluctuations and general market volatility. No guarantee can therefore be given that the trading result earned in financial year 2013 will be maintained, let alone improved. A significant decrease in the trading result of Lang & Schwarz Aktiengesellschaft or an increase in the losses in the trading business can impair the ability of the Issuer and the Group to operate profitably.

Operational risks

Operational risks are appearing more and more as an independent type of risk as a result of the increasing complexity of banking activities, particularly through the increased use of ambitious technologies in recent years in the banking business. As conducted by Lang & Schwarz Aktiengesellschaft, the business is contingent to an increasing degree on highly developed information technology ("IT") systems. IT systems are susceptible to a series of problems, such as computer viruses, hackers, damage to decisive IT centers and software or

hardware errors. Moreover, regular upgrades are necessary for IT systems in order to meet the changing business and supervisory requirements. The above-described problems, challenges and demands represent significant risks for the Group. Material adverse effects can result from this on the Company's financial, liquidity and earnings position.

Liquidity risks

Lang & Schwarz Aktiengesellschaft is generally subject to liquidity risk, i.e. that the Issuer will not be able to meet its current or future payment obligations in due time (solvency or refinancing risk). Moreover, the risk exists for Lang & Schwarz Aktiengesellschaft that the Issuer will not be able to sell or hedge on a short term basis trading positions based on insufficient market liquidity (market liquidity risk) or will only be able to sell at a low price. Liquidity risk can be realized in different forms. It can be the case that the Issuer will not be able to meet its payment obligations on a specific day and then will have to request liquidity on the market at short notice at expensive conditions.

Rating

Based on the equity requirements of the Basel Committee on Banking Supervision ("Basel II") which took effect on 1 January 2007 in the European Union, the objective of which is more precise consideration of the risks of banks when calculating their equity capitalization, internal and external ratings are taking on more and more importance. Rating agencies, such as Standard & Poor's, Moody's and Fitch Ratings, assess with the aid of a credit evaluation whether a potential borrower will be able in the future to meet its credit obligations as agreed. A key building block for the rating is the assessment of the financial, liquidity and earnings position of the company. Currently, none of the Group companies has an external rating; this very fact, or should a rating of a Group company reach "non-investment grade," could significantly impair the operative business and thus the refinancing costs of all Group companies. An unfavorable rating, a downgrade or the mere possibility of a downgrade of a company or one of its subsidiaries could in turn have adverse effects on the relation to customers and for the distribution of products and services of the corresponding companies. In this way, new contracts could be harmed, the competitiveness on the markets reduced and the financing costs of the corresponding company tangibly increased. A missing or unfavorable initial rating or a downgrade of the rating could moreover have material adverse effects on the costs for equity procurement or loans.

Regulatory risks

The business activity of Lang & Schwarz Aktiengesellschaft as a financial enterprise is regulated and supervised by the Bundesbank and the Federal Financial Supervisory Authority ("BaFin").

Changes in supervisory requirements could result in additional obligations for Lang & Schwarz Aktiengesellschaft. Moreover, the pursuit of modified supervisory regulations can lead to a significant increase in administrative expense, which could have an adverse effect on the liquidity and earnings situation of Lang & Schwarz Aktiengesellschaft.

Enterprises of the corporate group of Lang & Schwarz Aktiengesellschaft are members of the Compensatory Fund for Securities Trading Companies (*Entschädigungseinrichtung der Wertpapierhandelsunternehmen*; "EdW") and are obliged pursuant to the German Deposit Assurance and Investor Compensation Act (*Einlagensicherungs- und Anlegerentschädigungsgesetz*; EAG) to pay annual contributions.

The payment of (special) contributions to EdW could adversely affect the liquidity situation of the corporate group of Lang & Schwarz Aktiengesellschaft.

General information

This Base Prospectus has been prepared pursuant to § 6 of the German Securities Prospectus Act ("WpPG"). The Final Terms relevant to a securities issue under this Base Prospectus will be available in a separate document (the "Final Terms") at the latest on the date of the public offering of the relevant securities issue from Lang & Schwarz Aktiengesellschaft, Breite Str. 34, 40213 Düsseldorf, free of charge.

Responsibility

Lang & Schwarz Aktiengesellschaft, Düsseldorf (hereinafter, "Lang & Schwarz", "Lang & Schwarz AG", the "Issuer" or the "Company," together with its subsidiaries also the "Lang & Schwarz Group" or the "Group") accepts pursuant to § 5(4) of the German Securities Prospectus Act the responsibility for the content of this Base Prospectus (the "Prospectus") and hereby declares that, to the best of its knowledge, the information contained in this Prospectus is accurate and does not contain any material omissions.

The Issuer has taken all reasonable care to ensure that the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

In connection with the issue and sale of the derivative instruments, no person is authorized to disseminate any information or issue any declarations not contained in this Prospectus. The Issuer rejects any liability whatsoever for information provided by third parties that is not contained in this Prospectus and/or supplements to this Prospectus.

Offer and sale

The Issuer plans to issue derivative products under this Base Prospectus on an ongoing basis, namely [•-][[open-ended] certificates.

The issue of the derivative products requires no special documented basis in corporate law and serves the Issuer's intent to earn profit.

The details of the offering and the sale, particularly the relevant issue date, the issue volume and the currency of the issue and the respective sale price, including any costs of the Issuer associated with the distribution of each issue released under this Base Prospectus can be found in the corresponding Final Terms. The Issuer reserves the right to increase the issue volume issued under this Base Prospectus.

In the case of an offer of derivative instruments with a subscription period, the duration of the subscription period can be found in the corresponding Final Terms. Moreover, the Final Terms contains information on whether trading can be initiated before the notification procedure. The details of the issue to be determined at the end of the subscription period will be published by the Issuer immediately after the end of the subscription period pursuant to §§ 6, 7 and/or 8 of the relevant Product Terms and Conditions. It can moreover be foreseen that the certificates will continue to be offered for purchase by the Issuer subject to change after the subscription period. The sale price will then be determined on an ongoing basis.

The sold derivative instrument will be delivered upon an issue with a subscription period after the subscription period or upon an issue without a subscription period after the issue date on the value date specified in the Final Terms via the specified clearing system. Upon sale of

the derivative instrument after the value date, the delivery will be made pursuant to the applicable local market practices via the clearing system specified in the Final Terms.

Pricing

The initial issue price will be determined before the start of the public offering and then on an ongoing basis. Both the initial issue price of the certificates and/or warrants and the ask and bid prices will be quoted by the Issuer during the term are based on the internal pricing models of the Issuer. Investors may purchase the certificates and/or warrants at a fixed price. The fixed price contains among others all costs of the Issuer and/or the provider associated with the issue and the distributions (e.g. the structuring costs, hedging costs, including any earnings margin for the Issuer or provider.)

Consent to use this Base Prospectus, any supplements and the Final Terms

The Issuer consents the use of this Base Prospectus and any supplements together with the Final Terms for the later resale or final placement of securities through each financial intermediary which sell securities issued under this Base Prospectus, so long as this Base Prospectus and the Final Terms are valid in conformance with § 9 of the German Securities Prospectus Act.

The Issuer assumes liability for the content of this Base Prospectus, any supplements as well as the Final Terms also in relation to any later resale or final placement of the securities through financial intermediaries who have received consent to use this Base Prospectus and the Final Terms.

The Offer Period during which the later resale or final placement of securities by financial intermediaries can occur will apply so long as this Base Prospectus and the Final Terms are valid in conformance with § 9 of the German Securities Prospectus Act.

Financial intermediaries may use this Base Prospectus, any supplements and the Final Terms for the later resale or final placement of securities in the Federal Republic of Germany and in the Member States of the European Union in which this Base Prospectus has been notified and the Final Terms have been transmitted.

The consent of the use of this Base Prospectus, any supplements and the Final Terms is subject to the conditions that: (i) this Base Prospectus, any supplements and the Final Terms are handed over to potential investors only together with all supplements published prior to the delivery and (ii) when using this Base Prospectus, any supplements and the Final Terms each financial intermediary ensures that the intermediary will observe all laws and legal regulations applicable in the relevant jurisdictions.

No further terms and conditions exist on the use of this Base Prospectus, any supplements and the Final Terms.

Information on the terms and conditions of the offer provided by a financial intermediary is to be provided by the intermediary on the date the offer is presented.

Every financial intermediary using the Base Prospectus, any supplements and the Final Terms must specify on the intermediary's website that the intermediary is using this Base Prospectus, any supplements and the Final Terms with the consent and pursuant to the terms and conditions on which the consent is contingent.

Description of the securities

Terms

The terms of the securities to be issued under this Base Prospectus, including the valuation and maturity date in case of the offering of fixed-term derivative instruments, will be evident from the Final Terms.

Calculation agent

In cases where a calculation agent is required, Lang & Schwarz Aktiengesellschaft, Breite Straße 34, 40213 Düsseldorf, will act as calculation agent.

Securitization

The derivative instruments will be represented by a global bearer certificate ("global certificate"), which will be deposited with Clearstream Banking AG, Mergenthalerallee 79-81, 65790 Eschborn.

Effective certificates will not be issued. Holders of the derivative instruments will be entitled to co-ownership shares of a global certificate which can be transferred in accordance with the rules and regulations of Clearstream Banking AG.

Status

The obligations arising from the derivative instruments represent direct, unconditional obligations of the Issuer not secured *in rem* and, unless otherwise specified by law, will rank at least even with all other unsubordinated obligations of the Issuer not secured *in rem*.

Derivative instruments represent bearer bonds within the meaning of §§ 793 ff. of the German Civil Code. All rights and duties in connection with derivative products are determined in accordance with German law. The certificates which are to be offered or admitted for trading under the Base Prospectus, any supplements as well as the Final Terms, are non-equity securities in within the meaning of Article 22(6)4 of EC Regulation No 809/2004 issued as part of an offering program in accordance with § 6(1)1 in conjunction with § 2(5) of the German Securities Prospectus Act.

Insofar as the Issuer, in the course of its ordinary activities, is engaged in trading the individual securities underlying the relevant index or options or futures contracts relating to the above, or if the Issuer executed hedges (cover transactions) in the corresponding equities, in other underlying assets or in options or futures contracts relating to the above, the securities holders will not be entitled to any rights or claims with respect to the relevant equities or underlying assets, or to options or futures contracts relating to them.

Smallest tradeable and transferrable unit

The smallest tradeable and transferrable unit for the securities issued under this Base Prospectus will be indicated in the relevant Final Terms.

Size increase/continuation of the public offering of securities

In the event the issue of securities under this Base Prospectus is increased, the securities which are the subject of this increase will form a single issue together with the previously issued securities ("previously issued securities"), increasing the volume of the offering.

The securities which are the subject of the increase will carry the same rights as the previously issued securities, and will form a single issue together with them, with the same German Securities ID (WKN)/International Securities Identification Number.

For certificates which were first offered or listed in a stock exchange based on the Base Prospectus of 16 June 2014 or based on the Base Prospectus of 11 December 2013 (the "Earlier Base Prospectus"), the terms of issue contained in this Base Prospectus will be replaced by the terms of issue contained in the Earlier Base Prospectus (i) if the number of certificates issued under the Earlier Base Prospectus is increased after expiration of the Earlier Base Prospectus, (ii) if the listing of certificates issued under the Earlier Base Prospectus in a stock exchange is commenced after expiration of the Earlier Base Prospectus or (iii) if the public offering of certificates issued under the Earlier Base Prospectus is continued after expiration of the effective term of the Earlier Base Prospectus. To this end, the terms of issue contained in the Earlier Base Prospectus will be included in this Base Prospectus by reference.

Listing on the stock exchange

Some of the issues to be issued under this Base Prospectus are to be included in the open market trading at a stock exchange. The Final Terms which are to be prepared for individual issues under this Base Prospectus may contain statements as to the stock exchange and market segment, as well as the possible suspension of listing prior to the expiration date.

Trading in derivative instruments

The plan is for Lang & Schwarz TradeCenter AG & Co. KG, Breite Str. 34, 40213 Düsseldorf, to routinely provide (on the open market) ask and bid prices under normal market conditions as a market maker based on a certain "spread" (the difference between the ask and bid price) for the issued derivative instruments. The Issuer or market maker assume no legal duty of any kind with respect to the amount or materialization of such prices.

Availability of documents

During the period of time in which this Base Prospectus will be in effect, the Articles of Association of Lang & Schwarz Aktiengesellschaft, as amended, the annual reports of Lang & Schwarz Aktiengesellschaft for Financial Years 2012 and 2013, consisting of a report from the management board, report of the supervisory board and financial statements prepared in accordance with the German Commercial Code, including Management Report, of the Lang & Schwarz Aktiengesellschaft, and the consolidated financial statements for Financial Years 2012 and 2013, prepared in accordance with the German Commercial Code, can be viewed at the Issuer's offices during normal business hours.

Notices

All notifications relating to the relevant securities which go beyond the Final Terms will be made by publication of a corresponding notice in the *Bundesanzeiger* and, insofar required by law, in a national newspaper recognised by the stock exchanges, unless notice is given to investors directly or the product terms expressly specify another form of publication, e.g. publication online at www.ls-d.de.

Value date

The value date for the securities issued under this Base Prospectus will be indicated in the relevant Final Terms.

German Securities ID/International Securities Identification Number

The specific German Securities IDs (WKN) and International Securities Identification Numbers (ISIN) for the securities to be issued under this Base Prospectus will be indicated in the relevant Final Terms.

Taxation

All current and future taxes, fees and other duties in connection with the securities are to be borne and paid by the holders of the securities. The Issuer will be entitled to deduct taxes, fees and/or duties accruing in connection with the securities, which are to be paid by the holders of the securities in accordance with the above sentence.

Taxation in the Federal Republic of Germany

At the moment, the Issuer (acting as Issuer of the securities and not as paying agent within the meaning of German tax law) is not subject to any legal obligation to deduct or withhold German taxes from interest payments, nominal amounts and income payments in connection with redemptions of the securities or in connection with regular payments to a securities holder. Income and capital yields in connection with certain securities issues may also be subject to German income tax. The tax situation may change based on future changes in the law.

The Issuer assumes no responsibility for the withholding of taxes.

Potential investors are advised to consult their own advisors with respect to the tax implications of an investment in the securities, taking into account tax rules in their country of residence or in the investor's assumed country of residence.

Taxation in Austria

The presentation relates exclusively to the relevant rules for the taxation of income from capital assets. The presentation does not address the tax circumstances of each individual investor. For holders of derivative instruments which are taxable in Austria, the following applies:

Income from derivative instruments qualify as income from capital assets pursuant to § 27(1) Z 4 of the Austrian Income Tax Act in conjunction with § 124b Z85 of the Austrian Income Tax Act and are subject to a 25% capital yield tax pursuant to § 97(1) in conjunction with § 93(3) of the Austrian Income Tax Act. This amount covers income and inheritance tax.

At the moment, the Issuer (acting as Issuer of the securities and not as paying agent within the meaning of Austrian tax law) is not subject to any legal obligation to deduct or withhold Austrian taxes from interest payments, nominal amounts and income payments in connection with redemptions of the securities or in connection with regular payments to a securities holder.

The Issuer assumes no responsibility for withholding taxes.

Potential investors are advised to consult their own advisors with respect to the tax implications of an investment in the securities, taking into account tax rules in their country of residence or in the investor's assumed country of residence.

These statements are based on the statutory rules in effect at the time of initial issuance. The Issuer is not responsible for changes in the law, in jurisdictions or in the administrative practice of the fiscal authorities.

Taxation in France

We assume that indexed certificates would produce interest or dividends for the individual beneficiary. As such, please find below a short summary of applicable French Tax law subject to adjustments and specific analysis for each particular situation. We also assume that individual beneficiaries could be French and non-French tax residents.

The statements herein regarding taxation of the certificates are based on the laws in force in France as of the date of this Prospectus and are subject to any changes in law. The following summary does not intend to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the certificates. Each prospective holder or beneficial owner of certificates should consult its own appropriate independent and professionally qualified tax adviser as to each of the EU Directives on the taxation of securities and the French tax consequences, as applicable, of any investment in, or ownership and disposal of, the certificates.

At the moment, the Issuer (acting as Issuer of the securities and not as paying agent within the meaning of French tax law) is not subject to any legal obligation to deduct or withhold French taxes from interest payments, nominal amounts and income payments in connection with redemptions of the securities or in connection with regular payments to a securities holder.

- Payment of interest to a French Tax resident:

A withholding tax of 24% applies on gross interest income distributed to a French individual tax resident (this withholding tax is not applied for a single person who has less than €25,000 of income or less than €50,000 for a couple). This withholding tax is considered as an advance of income tax, i.e. it will be offset on income tax to be paid the following year (top marginal rate of 45% for 2014). In the event that this withholding tax is higher than the effective income tax to be paid by the French resident on his revenue, it will be reimbursed to the French resident.

Please note that a social security contribution (CSG/CRDS and social tax) of 15.5% (currently applicable rate) of gross interest income applies, which is deductible to the extent of 5.1% for the computation of income tax.

- Payment of interest to a non-French Tax resident in a cooperative State:

A cooperative State is a State that has concluded a tax convention and an agreement of cooperation for exchange of information with the French Tax Administration ("FTA"). There is no withholding tax of 24% for non-resident taxpayers (resident in a cooperative State), and no social security contribution of 15.5% applies on this type of revenue. In general, a non-resident is subject to income tax in France only on French source income, subject to applicable tax treaty provisions.

Thus, the non-resident would have to file form 2042-NR with the FTA to declare French source income.

- Payment of interest to a non-French Tax resident in a non-cooperative State:

There is an effective withholding tax of 75% applied on gross interest payments to individuals who are residents of non-cooperative States ("ETNC"). In 2014, such ETNC are Botswana, British Virgin Islands, Brunei, Guatemala, Marshall Islands, Montserrat, Nauru, and Niue.

- Distribution of dividends to a French Tax resident:

A withholding tax of 21% applies on gross interest income distributed to a French individual tax resident (this withholding tax is not applied for a single person who has less than €50,000 of income or less than €75,000 for a couple). This withholding tax is considered as an advance of income tax, i.e. it will be offset on income tax to be paid the following year (top marginal rate of 45% for 2014). A tax allowance of 40% applies on gross dividend distribution, so 60% of dividends distributed are subject to income tax. In the event that this withholding tax is higher than the effective income tax to be paid by the French resident on his revenue, it will be reimbursed to the French resident.

Please note that a social security contribution (CSG/CRDS and social tax) of 15.5% (currently applicable rate) of gross interest income applies, which is deductible to the extent of 5.1% for the computation of income tax.

- Distribution of dividends to a non-French Tax resident in a cooperative State:

A withholding tax of 21% applies for EU/Iceland/Norway/Liechtenstein tax residents, and a withholding tax of 30% applies for tax residents from other cooperative States. No social security contribution of 15.5% applies on this type of revenue. In general, a non-resident is subject to income tax in France only on French source income, subject to applicable tax treaty provisions.

Thus, the non-resident would have to file form 2042-NR with the FTA to declare French source income.

- Distribution of dividends to a non-French Tax resident in a non-cooperative State:

A withholding tax of 75% applies on gross dividend payment to individuals who are residents of ETNC.

Any capital gains realized by a French resident on the sale of listed or unlisted shares, bonds or related funds are subject to income tax, and accordingly are taxed at the taxpayer's marginal rate of taxation (top marginal rate of 45% for 2014).

A tax allowance amounting to 50% on net capital gains exists for French tax residents on shares held between two and eight years; and 65% for shares held more than eight years.

Moreover, capital gains are subject to social security contributions (CSG/CRDS and social tax) of 15.5% (currently applicable rate).

In general, a non-resident is subject to income tax in France only on French source income, subject to applicable tax treaty provisions. For non-French tax residents, it will depend on the tax treaty provision between the source State and the resident State, and which country has the right to tax dividends.

Taxation in the Republic of Italy

The following is a summary of current Italian law and practice relating to the taxation of the Securities.

The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Securities.

At the moment, the Issuer (acting as Issuer of the securities and not as paying agent within the meaning of Italian tax law) is not subject to any legal obligation to deduct or withhold Italian taxes from interest payments, nominal amounts and income payments in connection with redemptions of the securities or in connection with regular payments to a securities holder.

Italian Taxation of Certificates

Pursuant to Article 67 of Presidential Decree No. 917 of 22 December 1986 ("**TUIR**") and Legislative Decree No. 461 of 21 November 1997 ("**Decree No. 461**"), as subsequently amended, where the Italian resident holder of Certificates is (i) an individual not engaged in an entrepreneurial activity to which the Certificates are connected, (ii) a non-commercial partnership, pursuant to article 5 of TUIR (with the exception of general partnership, limited partnership and similar entities) (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of the Certificates are subject to a substitute tax (*imposta sostitutiva*).

The mentioned *imposta sostitutiva* is currently levied at a rate of 26% (on capital gains realized from 1 July 2014).

The recipient may opt for three different taxation criteria.

(1) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity to which the Certificates are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any offsettable capital loss, realised by the Italian resident individual holding the Certificates not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Certificates carried out during any given tax year. Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

Under Decree No. 66 capital losses realized prior to 31 December 2011 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 48.08% of their amount; whilst capital losses realized from 1 January 2012 to 30 June 2014 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 76.92% of their amount.

(2) As an alternative to the tax declaration regime, Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity may elect to pay the imposta sostitutiva separately on capital gains realised on each sale or redemption of the Certificates (the "*risparmio amministrato*" regime provided for by Article 6 of Decree No. 461). Such separate taxation of capital gains is allowed subject to (i) the Certificates being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant Certificateholder. The depository is responsible for accounting for imposta sostitutiva in respect of capital gains realized on each sale or redemption of the Certificates (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Certificateholder or using funds provided by the Certificateholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Certificates results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under Decree No. 66 capital losses realized prior to 31 December 2011 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 48.08% of their amount; whilst capital losses realized from 1 January 2012 to 30 June 2014 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 76.92% of their amount. Under the *risparmio amministrato* regime, the Certificateholder is not required to declare the capital gains in the annual tax return.

(3) Any capital gains realised or accrued by Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Certificates, to an authorised intermediary and have validly opted for the so-called "*risparmio gestito*" regime (regime provided for by Article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a substitute tax, to be paid by the managing authorized intermediary. The substitute tax applies at 26% on the increase accrued after 1 July 2014. Under this *risparmio gestito* regime, any decrease in value of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. According to Decree No. 66 the decrease in value accrued prior to 31 December 2011 may be carried forward against increase in value of the investment portfolio accrued after 1 July 2014 only to the extent of 48.08% of its amount, whilst the decrease in value accrued from 1 January 2012 to 30 June 2014 may be carried forward against increase in value of the investment portfolio accrued after 1 July 2014 only to the extent of 76.92% of its amount. Under the *risparmio gestito* regime, the Certificateholder is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident Certificateholder is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Certificates are effectively connected, capital gains arising from the Certificates will not be subject to imposta sostitutiva, but must be included in the relevant Certificateholder's income tax return and are therefore subject to Italian corporate tax (and, in certain circumstances, depending on the "status" of the Certificateholder, also as a part of the net value of production for IRAP purposes).

Any capital gains realised by a Certificateholder which is an open-ended or closed-ended investment fund (subject to the tax regime provide by Law No. 77 of 23 March 1983) (the "**Fund**") or a SICAV will not be subject to the *imposta sostitutiva*. The proceeds distributed by the Fund or the SICAV or received by certain categories of unitholders upon redemption or disposal of the units will be taxed on the investors who subscribe the quotas of the Funds or the shares of the SICAV on a distribution basis.

Any capital gains realised by a Certificateholder which is an Italian pension fund (subject to the regime provided by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11.00% (increasing to 11.50% for fiscal year 2014) ad hoc substitute tax.

Capital gains realised by non-Italian resident Certificateholders are not subject to Italian taxation provided that the Certificates (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside Italy. Moreover, even if the Certificates are held in Italy, no *imposta sostitutiva* applies if the non-Italian resident Certificateholder is resident for tax purposes in a country which recognises the Italian tax authorities' right to an adequate exchange of information or in a country which entered into a double taxation treaty with Italy allowing for the taxation of such capital gains only in the residence country of the recipient Certificateholder, provided that the relevant procedures and conditions are met.

Atypical securities

In accordance with a different interpretation of current Italian tax law, it is possible that the Certificates would be considered as "atypical" securities pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to Certificates may be subject to an Italian withholding tax, levied at the rate of 26% (increasing from 20% to 26% from 1 July 2014 under Decree No. 66).

The withholding tax mentioned above does not apply to payments made to a non-Italian resident holder of the Certificate and to an Italian resident holder of the Certificate which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

The withholding is levied by the Italian intermediary appointed by the Issuer, intervening in the collection of the relevant income or in the negotiation or repurchasing of the Certificates.

Stamp Duty

Pursuant to Article 13(2-ter) of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 (as amended from time to time), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the securities deposited therewith. The stamp duty applies at a rate of 0.20% starting from fiscal year 2014, with a cap of Euro16,000 for corporate Certificateholders only. In case of reporting periods of less than 12 months, the stamp duty is pro-rated. This stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the securities held.

According to the current interpretation of the law, the stamp duty applies both to Italian resident and non- Italian resident Certificateholders, to the extent that the Certificates are held with an Italian based financial intermediary.

Wealth tax on securities deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Certificates outside the Italian territory are required to pay an additional tax at a rate of 0.20% starting from fiscal year 2014.

This tax is calculated on the market value of the Certificates at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Tax monitoring

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August, 1990, as amended, individuals resident in Italy who hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return).

Transfer taxes

Article 37 of Law Decree No 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of EUR 200; (ii) private deeds are subject to registration tax only if a case of use occurs or in case of voluntary registration.

Financial Transaction Tax

Pursuant to Article 1, para. 491 and followings of Law No. 228 of 24 December 2012, the Italian Parliament introduced a financial transaction tax ("**FTT**") which applies to (a) the transfer of ownership of shares and other participating securities issued by Italian resident companies or of financial instruments representing the just mentioned shares and/or participating securities (irrespective of whether issued by Italian resident issuers or not) (the "**Relevant Securities**"), (b) transactions on financial derivatives (i) the main underlying assets of which are the Relevant Securities, or (ii) whose value depends mainly on one or more Relevant Securities, as well as to (c) any transactions on the securities (as set forth by article 1, paragraph 1-bis, letters c) and d), of the Legislative Decree No. 58 of 24 February 1998) (iii) which allow to mainly purchase or sell one or more Relevant Securities or (iv) implying a cash payment determined with main reference to one or more Relevant Securities.

Certificates are expressly included in the scope of application of the FTT if they meet the requirements set out above.

With specific reference to the transactions on securitised derivatives on the Relevant Securities (such as the Certificates) the FTT is due, as of 1 July 2013, regardless of the tax residence of the parties and/or where the transaction is executed.

The FTT is levied at a fixed amount that varies depending on the nature of the relevant instrument and the notional value of the transaction, and ranges between EUR 0.01875 and EUR 200 per transaction. The amount of FTT payable is reduced to 1/5 of the standard rate

in case the transaction is performed on regulated markets or multilateral trading facilities of an EU Member States and of the SEE, included in the so-called *white list* to be set out by a to-be-issued Ministerial Decree pursuant to Article 168-bis of Presidential Decree No. 917 of 22 December 1986 (for the time being reference shall be made to countries not qualifying as *black list* countries for Italian tax purposes).

In the case of physical settlement, the FTT is also due upon transfer of ownership rights of the underlying Relevant Securities.

The FTT on derivatives is due by each of the parties to the transactions. The FTT is not applied where one of the parties to the transaction is the European Union, the BCE, central banks of the EU Member States, foreign Central Banks or entities which manage the official reserves of a foreign State, or international bodies or entities set up in accordance with international agreements which have entered into force in Italy. Further specific exemptions exist, inter alia, for (i) subjects who carry on market making activities; (ii) mandatory social security entities and pension funds set up according to Legislative Decree No. 252 of 5 December 2005; and (iii) intragroup transfers of the Relevant Securities.

The FTT shall be levied, and subsequently paid, to the Italian Revenue by the subject (generally a financial intermediary) that is involved, in any way, in the performance of the transaction. If more than one subject is involved in the execution of the transaction, the FTT is payable by the subject who receives the order of execution by the ultimate purchaser or counterparty. Intermediaries which are not resident in Italy but are liable to collect the FTT from the taxpayers and to pay it to the Italian Revenue can appoint an Italian tax representative for the purposes of the FTT. If no intermediary is involved in the performance of the transaction, the FTT must be paid directly by the taxpayers.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, (Decree No. 262), converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities, such as the Certificates) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4.00% on the value of the inheritance or the gift exceeding EUR 1,000,000;
- (ii) transfers in favour of relatives to the fourth degree and relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6.00% on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6.00% inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000;
- and (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8.00% on the entire value of the inheritance or the gift.

Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

Taxation in the Netherlands

This summary only describes the relevant Dutch income tax law (*Wet op de inkomstenbelasting 2001*) rules for (deemed) Dutch resident individuals directly owning the securities. The taxation of income derived from and capital gains on the securities by non-Dutch resident individual taxpayers, non-Dutch resident and Dutch resident corporate taxpayers, non-Dutch resident and Dutch resident individual taxpayers owning the securities through a company are not discussed in this summary. Other Dutch tax laws, except for withholding tax (*Wet op de dividendbelasting 1965*), are not discussed in this summary either.

Income from and capital gains realised on the securities is subject to personal income tax at progressive rates up to 52% (Box 1) (2015) if (i) the securities are attributable to the enterprise of the individual holder of securities, (ii) if the holder of the securities has a substantial interest in the Issuer or (iii) if income from or capital gains realised on the securities is qualified as income from miscellaneous activities. Generally speaking, an individual has a substantial interest in the Issuer if (i) such individual, either alone or together with his partner (a term defined by statute), directly or indirectly has, or is deemed to have or (ii) certain relatives of such individual or his partner directly or indirectly have or are deemed to have (a) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of the Issuer or the issued and outstanding capital of any class of shares of the Issuer, or (b) the ownership of, or certain rights over, profit participating certificates that relate to 5% or more of either the annual profit or the liquidation proceeds of the Issuer. The income or capital gain qualifies as income from miscellaneous activities as defined in the income tax law, including, without limitation, activities that exceed regular, active asset management.

Otherwise, the holder of the securities is subject to income tax at a rate of 30% (Box 3) (2015) on a deemed return of 4% on the individual's yield basis, as defined in the income tax law, including the securities, regardless of any actual income and / or capital gains derived from the securities. The actual value is determined at the beginning of the calendar year.

The issuer is not obliged to deduct or withhold Dutch tax from payments, nominal amounts and other payments in connection with the securities. The actual taxation may change due to future changes of law and / or case law. The issuer assumes no responsibility for withholding taxes.

Potential investors are advised to consult their own advisors with respect to the tax implications of an investment in the securities, taking into account tax rules in their country of residence or in the investor's assumed country of residence.

These statements are based on the statutory rules in effect at the time of initial issuance (2015). The Issuer is not responsible for changes in the law, in legal rulings and / or case law, or in the administrative practice of the fiscal authorities.

Taxation in Sweden

The following summary of certain tax issues that may arise as a result of holding securities is based on current Swedish tax legislation and is intended only as general information for holder of securities who are resident in Sweden for tax purposes, unless otherwise indicated. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations, which may be of relevance for certain potential investors.

The following comments are of general nature and are not intended to be, nor should they be construed to be, legal or tax advice. Potential investors should consult their own tax advisors for information with respect to the special tax consequences that may arise as a result of holding securities, including the applicability and effect of foreign income tax rules, provisions in double taxation treaties and other rules that may apply. Tax risks resulting from the securities shall be borne by the holder.

At the moment, the Issuer (acting as Issuer of the securities and not as paying agent within the meaning of Swedish tax law) is not subject to any legal obligation to deduct or withhold Swedish taxes from interest payments, nominal amounts and income payments in connection with redemptions of the securities or in connection with regular payments to a securities holder.

Taxation of individuals resident in Sweden

Capital gains and losses

For private individuals (or estates of deceased private individuals), all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on securities) is taxable. The tax rate is 30%.

The capital gain or loss is calculated as the difference between the sales (or redemption) proceeds less the sales costs and the securities acquisition cost for tax purposes. The acquisition cost is determined according to the Average Method. The Average Method means that all the costs of acquiring all securities of the same type and class as the sold securities are added together and the average acquisition cost is calculated collectively, with respect to changes to the holding.

Gains and losses on currency exchange rate fluctuations may arise in relation to the securities where the sales proceeds received are in foreign currency. However, no special calculations are required if the proceeds are exchanged into SEK within 30 days from the time of disposal. If so, the exchange rate on the date of exchange shall be used when calculating the sales proceeds. The exchange rate on the date of acquisition is generally used when determining the acquisition cost for tax purposes.

The securities may be defined as;

- (i) Shares and other securities that are taxed as shares (Sw. *delägar rätt*); or
- (ii) Foreign receivables (Sw. *utländsk fordrings rätt*)

Capital losses on listed shares, other listed securities and foreign receivables are fully deductible.

Interest/dividends

Any interest or dividend income received by a private individual holder during the life of the securities is subject to Swedish tax at a rate of 30%. Interest and dividends are taxable when the income can be disposed of.

There are no specific Swedish tax rules defining what constitutes interest. However, where a payment during the life of the security is made at the discretion of the Issuer, the payment should generally be deemed a dividend. It is further generally held that where the terms and conditions of the security provide for payments to be made under the predetermined circumstances established by the terms and conditions (and no shareholder meeting is required to determine the payment) such payments should generally be deemed interest.

Taxation of Swedish legal entities

Swedish limited liability companies and other legal entities (except partnerships and estates of deceased private individuals) are generally taxed on all income (including income from the sale, redemption or repayment of the securities) as income from business at a flat rate of 22%.

For the calculation of capital gains or losses, see section "*Taxation of individuals resident in Sweden*". However, for legal entities, interest income and currency exchange fluctuations are generally taxable, or deductible, on an accrual basis.

Tax deductible capital losses on receivables incurred by limited liability companies and certain other legal entities are normally fully deductible.

Taxation of holders of securities tax resident outside of Sweden

Payments of any principal amount that is considered to be interest or dividends for Swedish tax purposes to holders of securities who are not engaged in trade or business in Sweden through a permanent establishment are not subject to Swedish income tax.

On a simplified basis, provided that the value or the return of the securities is related to securities taxed as shares, private individuals who have been residents of Sweden or have had a habitual abode in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption are liable for capital gains taxation in Sweden upon disposal or redemption of securities. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty for the avoidance of double taxation.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal amount or any amount that is deemed as interest for Swedish tax purposes to a non-resident holder of securities.

United Kingdom Withholding Tax

The Holder shall be liable for and/or pay any tax, duty, charge, withholding or other similar payment in connection with the ownership of and/or any transfer or payment in respect of the Securities held by such Holder. The Issuer shall have the right to withhold or deduct from any amount payable, such amount as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other similar payment. For the avoidance of doubt, the Issuer shall not be liable for or otherwise obliged to pay any tax, duty, charge, withholding or other similar payment which may arise as a result of the ownership, transfer or exercise of any Securities.

Where Securities are to be, or may fall to be redeemed at a premium, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax provisions and reporting requirements.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Securities or any related documentation. Securities Holders should seek their own professional advice as regards the withholding tax treatment of any payment on the

Securities which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.

Potential investors are advised to consult their own advisors with respect to the tax implications of an investment in the securities, taking into account tax rules in their country of residence or in the investor's assumed country of residence.

Information about the underlying asset

General

The derivative instruments to be issued under this Base Prospectus relate to indices (the "underlying asset"). The Final Terms which are to be prepared for each individual issue under this Base Prospectus will contain statements as to where information (WKN/ISIN, performance, index description in case of indices or equivalent information) about the underlying asset can be obtained.

Wikifolio indices as underlying asset

If the underlying asset is a Wikifolio index, the following applies:

- Overview

wikifolio Financial Technologies AG, Vienna, operates the website www.wikifolio.com. This website allows "editors" to create and manage virtual portfolios.

The basis for the virtual portfolio's performance is a trading idea suggested by the editor, while the sponsor generally determines which securities may be included in the virtual portfolio (the "general investment universe") and divides them into various investment categories. Editors have the option of limiting themselves to certain investment categories within the general investment universe specified by the sponsor. Subsequently, editors can manage their virtual portfolio in accordance with their trading ideas, i.e. they may virtually buy and sell securities.

Each of these virtual portfolios may serve as the basis for a notional reference portfolio pertaining to a relevant Wikifolio index. The virtual portfolio must have existed for at least 21 days and there must be ten reservations from users on the website www.wikifolio.com. These users must be prepared, in a non-binding manner, to invest a total of EUR 2,500.00.

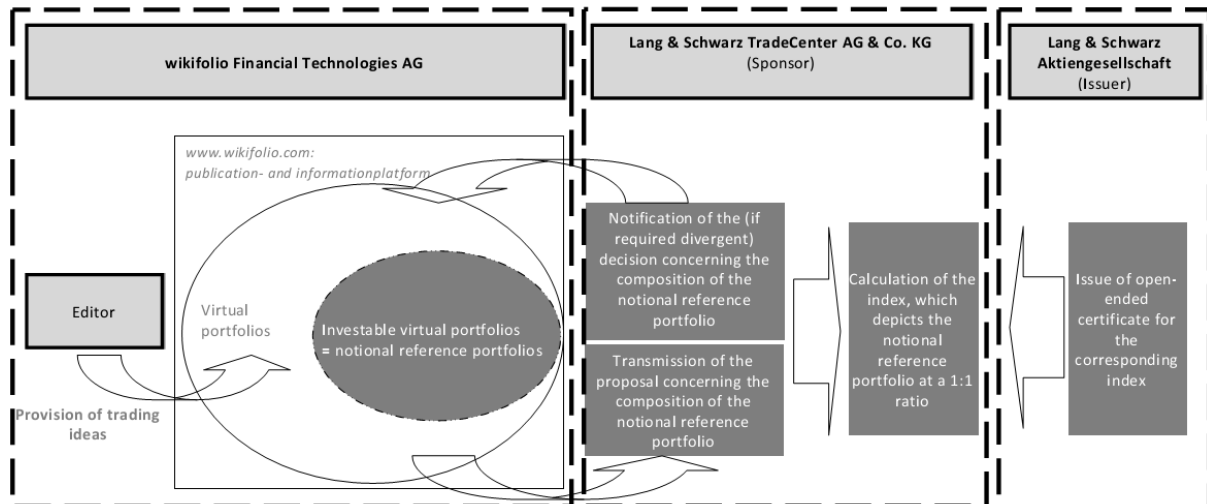
If a virtual portfolio becomes the basis for a notional reference portfolio, the Issuer will issue open-ended index certificates for a Wikifolio index which reflects the performance of the relevant notional reference portfolio on a 1:1 basis. This index will be a so-called strategy index.

The index sponsor, Lang & Schwarz TradeCenter AG & Co. KG, will follow the strategy of reflecting the notional reference portfolio on a 1:1 basis.

Once a virtual portfolio becomes the basis for a notional reference portfolio, and therefore forms the basis of an index, the sponsor assumes responsibility for the notional reference portfolio. The editor, who signs a publication and use agreement with wikifolio Financial Technologies AG, Vienna, then becomes an advisor to wikifolio Financial Technologies AG. The latter in turn advises the sponsor and forwards the editor's suggestions to the sponsor, who will generally adopt these suggestions for its own. However, the sponsor alone is

responsible for deciding as to the composition of the notional reference portfolio and has the option at any time of refusing suggestions from the editor or making its own decisions without the editor's consent. From this point on, any restriction of the general investment universe to certain investment categories (e.g. equities) can no longer be altered. The same applies for definition of the methodology according to which decisions are made with respect to composition of the notional reference portfolio.

The overview is presented in graphic form below:



- Investment strategy

The sponsor follows a defined methodology based on which decisions are made with respect to the composition of the notional reference portfolio (in this section, "Wikifolio indices as underlying asset," the "investment strategy").

The sponsor's selection process may be based on the following technical, fundamental and other analyses, which can be described as follows:

- Technical analyses
 - Design/representations of charts
Charts are graphic representations of historical performance, of which a wide variety of versions exist. Such charts are used to identify price trends and to detect imminent reversals in the trend.
 - The basic concept of trends
The trend is the general direction in which the market is moving. It may be up, down or flat; if the market is flat, it is also referred to as trendless.
 - Trend indicators
Trend indicators determine whether the trend is up, down or flat. These indicators do not give a buy or sell indicators on their own, but are the basis for other indicators.
 - Trend confirmation data
All price patterns which, upon completion, generally result in continuation of the prior overall trend are classified as trend-confirming patterns in conventional charting.

- **Trend reversal patterns**
In conventional charting, all price patterns which, upon completion, generally result in reversal of the prior overall trend are classified as trend-reversing price patterns.
- **The moving average trend tracking model**
The moving average represents the average price in the period under observation. The period under observation may be a day (daily average), a week (weekly average), a month (monthly average) or a year (yearly average). Trading signals are derived from these averages. For example, if the price crosses the moving average on the way up, this triggers a buy signal, while a sell signal is triggered if the price crosses the moving average on the way down.
- **Elliott Wave theory**
Elliott Wave theory tries to explain the movement and performance of markets by paying particular attention to the psychological factors influencing market participants and, by extension, performance. In the ideal explanatory model, an upward motion consists of three uptrends and two downtrends, which take some of the steam out of the sharp uptrends. A similar structure applies for longer-term downward movements. The uptrends and downtrends create a trend channel which can be used to forecast future price movements.
- **Cycles**
Cycle analysis seeks to identify a periodically occurring event or events which routinely recur in cyclical fashion. This may include routinely recurring fluctuations in the performance of the economy.
- **Indicator analysis**
Indicator analysis evaluates price data using mathematical formulas in indicators (e.g. *Moving Average Convergence/Divergence* (MACD), stochastic analysis and Relative Strength Index (RSI)) and emphasizes certain qualities of the price trend in order to generate information as to the quality of a trend and to provide an idea as to the reliability of forecasts.
- **Overall market analysis**
In this mode of analysis, technical analysis is performed not for a single title but for the market as a whole in order to identify trends and draw possible conclusions with respect to the future performance of individual titles. Well-known methods in this category include the analysis of trend lines and Bollinger bands.
- **Intermarket analysis**
The essence of intermarket analysis is investigating the correlation of various asset classes (such as equities, commodities, foreign exchange or interest rates). It is assumed that all asset classes correlate to each other in some way. The goal is to draw conclusions about the performance of a market based on the behavior of other markets.
- **Relative strength**
Relative strength is designed above all to indicate whether the performance of a title is stronger or weaker than that of the market as a whole. It is determined using the relative strength indicator, which measures the performance of an individual title relative to that of the market as a whole.
- **Market profile**
In this mode of analysis, decisions are made based on an analysis of trading volume in a security, generally taking into account the timing, price and volume of the

transactions. The price distribution over time is meant to provide information as to which price levels are fair or unfair.

- Fundamental analysis

- Global analysis

The task of global analysis is to form an assessment of the national and international economic situation. Its impact on the country in question is projected based on international data. Significant weight is generally assigned in this regard to the performance of the economy, the development of interest rates, the development of exchange rates and the performance of stock exchanges in various countries.

- Regional analysis

In regional analysis, examination of the economic situation is limited to just one region.

- Industry analysis

Industry analysis centers on the analysis of a single economic sector. An industry analysis may be national or international in scope. Companies with the same sphere of activity (the "peer group") are compared with respect to sales and earnings.

- Qualitative analysis

Qualitative analysis is concerned above all with a subjective assessment of the specific corporate structure, including examinations as to the quality of management, competitive position, production programs and methods and research and development spending.

- Quantitative analysis

Quantitative analysis can rely on all instruments of conventional balance sheet analysis, including analyses of investments, financing, liquidity and earnings.

- Top down – Bottom up

The top-down approach is a strategy which analyzes "from the top down." What this means in practice is that the analysis process begins with a thorough examination of the market as a whole, the best sectors and other areas. Only then are individual titles with these segments analyzed, and the most promising titles are filtered out.

The bottom-up approach is a strategy which analyzes "from the bottom up." What this means in practice is that the analysis begins with a thorough examination of individual titles and only then is an assessment made as to their opportunities in the relevant sector, as well as other factors.

- Other analyses

- Analysis of directors' dealings, share buyback programs, etc.

In this mode of analysis, decisions are made based on notices from the company with respect to directors' dealings and share buyback programs.

- News trading

In this mode of analysis, decisions are made based on the news with respect to a company, industry or market.

- Flow trading

In this mode of analysis, capital market transactions (flows) are examined with the aim of identifying order flows.

- Sentiment analysis
The assessment of the sentiment of market participants is referred to as sentiment analysis.

The editor's trading idea generally forms the basis for the sponsor's investment strategy, with the sponsor adopting the trading idea as its own. Therefore, the sponsor generally accepts the editor's suggestions for the implementation of his or her trading idea.

The editor's description of the trading idea for the notional reference portfolio will be available at www.wikifolio.com under "Strategy."

However, measures by the sponsor which deviate from the editor's trading idea may be taken at any time based on technical or practical considerations. The following points may be technical or practical considerations for deviating from the editor's trading idea:

- clear violations by editors of their trading idea;
- adjustments based on capital measures (e.g. handling of subscription rights, stock splits and other splits, mergers or dividend options);
- required adjustments based on measures in transformation law;
- adverse changes in the market liquidity of individual securities; or
- the occurrence of another event with an effect comparable to that of the aforementioned events.

The sponsor may not make direct adjustments to the specific investment universe with respect to a notional reference portfolio. However, the specific investment universe may be altered indirectly due to changes by the sponsor to the general investment universe. In that case, the sponsor will account for changes to the general investment universe of relevance for the notional reference portfolio, which are reflected in the specific investment universe, by making changes to the notional reference portfolio. This means that, if the notional reference portfolio contains a security which is stricken from the general investment universe, the sponsor will proceed to sell the security from the notional reference portfolio. The same applies if the sponsor assigns a security to another investment category. Adjustments to the general investment universe and changes in the assignment to investment categories may result, for example, in case of a negative change in the market liquidity of a title or a change in the index membership of a title.

- Index description and calculation/type of index/investment universe

The relevant index will be a Wikifolio index (the "index"), a variably weighed strategy index of variable compensation, calculated and published by Lang & Schwarz TradeCenter AG & Co. KG in its capacity as index sponsor, based on a notional reference portfolio containing a certain quantity of selected equities, ADRs, subscription rights, ETFs, funds, bonds and derivative instruments of this underlying asset which are traded in German stock exchanges (Regulated Market and Open Market), as well as derivative instruments of indices (including Wikifolio indices), foreign exchange, interest futures, futures contracts and commodities (in this section, "Wikifolio indices as the underlying asset," the "securities") and a cash component. The cash component will not earn interest.

The sponsor will define the securities which can generally be included in a notional reference portfolio (the "general investment universe") and divide them into various investment categories. The sponsor will be free to decide with respect to adjustments to the general investment universe and the division into investment categories. This means that the sponsor is entitled to assign securities to investment categories, include securities in the general investment universe and exclude securities from the general investment universe at any

time. The latter may occur, for example, if trading of a security is suspended or if adequate market liquidity no longer exists in the sponsor's view.

In addition, the sponsor will be entitled but not obligated to restrict the general investment universe to certain investment categories (e.g. just equities) for each notional reference portfolio (the "specific investment universe").

No maximum weight will be defined for each component of the notional reference portfolio. Insofar as an editor recommends the weighting of individual components, the sponsor is not bound by this recommendation. As a result, individual components may be disproportionately represented in the notional reference portfolio.

The relevant index will therefore reflect the performance of a notional reference portfolio, denominated in EUR, on a 1:1 basis, and will be calculated as follows:

$$Index_t = \frac{\sum_{i=1}^n (p_{it} \times q_{it})}{\sum_{i=1}^n (p_{i0} \times q_{i0})} \times base\ index\ value$$

Where:

base index value = the position of the index as of the most recent adjustment

n = the number of titles included in the notional reference portfolio, including the notional cash component, where the following applies for the notional cash component: p = 1

p_{i0} = the price of the title_i at the time of the most recent index adjustment

q_{i0} = the quantity of title_i at the time of the most recent index adjustment

p_{it} = the price of the title_i at time_t

q_{it} = the quantity of title_i at time_t

t = the time at which the index was calculated.

Changes in capital, subscription rights and dividends are assigned to the notional reference portfolio, or counted towards the cash position.

The position of the relevant index is therefore based on the value of the notional reference portfolio, and the composition of the notional reference portfolio is continually examined by the sponsor. Multiple adjustments can be made by the sponsor in the course of a single day. Each adjustment to the notional reference portfolio results in a change in the index on a 1:1 basis.

- Update rhythm

The notional reference portfolio is continually examined by the sponsor, and multiple adjustments can be made in the course of a single day.

- Calculation agent/currency

Lang & Schwarz TradeCenter AG & Co. KG, Breite Str. 34, 40213 Düsseldorf will be the calculation agent. The index will be calculated on a EUR basis.

- Certificate fee and performance fee

Calculation of the value of the notional reference portfolio takes into account a daily certificate fee (of up to 1.50%/365), as well as a daily performance fee.

The performance fee depends on positive performance by the notional reference portfolio. This fee is between 0.0% and 30.0% and is recommended by the editor and defined together with the sponsor and advisor. The performance fee is charged on the positive difference between the current and previous high watermark, where the high watermark is defined as the most recent high in the value of a notional reference portfolio in the present calendar year. The value of the notional reference portfolios is calculated based on the securities in the portfolio, measured at daily closing prices, plus the cash position.

- Consideration of income/adjustments

Distributed income (e.g. dividends or interest) from individual components of the notional reference portfolio can affect the value of the notional reference portfolio and, based on the different tax rules in effect in the various countries, 85% of the value of this income is generally added to the value of the notional reference portfolio by the index's calculation agent. This is done by adding the value of the distributed income on these positions, expressed in euro or converted, to the value of the positions in accordance with its amount.

If an Issuer whose securities are part of the notional reference portfolio, within the term of the certificates, (a) (i) increases its capital stock by issuing new shares or (ii) issues bonds or similar securities with warrants or conversion rights to shares in the company, itself or through a third party, while granting a direct or indirect subscription right to shareholders, or if it (b) increases its capital stock by transforming retained earnings into shares, (c) if it splits, consolidates or reclassifies its shares, (d) requests contributions on shares which are not fully paid in, (e) buys back securities from earnings or capital, regardless of whether the purchase price for the buyback is paid in cash, in new shares, in securities or otherwise, or if it (f) executes another measure affecting its capital stock in accordance with applicable national law, or one which affects the value of a security in a corresponding or similar fashion, the sponsor has the option to adjust the quantity and/or weight of the affected securities in the notional reference portfolio or to replace the affected securities with securities from another company which are suitable for inclusion in the notional reference portfolio.

If the trading of securities which are part of the notional reference portfolio is suspended at the relevant exchange, or if the company which issued the securities which are part of the notional reference portfolio is the subject of a takeover offer, the sponsor may opt to replace the affected securities with securities of another company which are suitable for inclusion the notional reference portfolio or to reinvest the value of the affected securities on a proportional basis in the remaining components of the notional reference portfolio.

If an Issuer whose securities are a component of the notional reference portfolio executes a capital measure or is the object of an acquisition by third parties, the index sponsor will place the certificate holders, if possible, in the same position they would have occupied if they were holding the Issuer's securities. Subject to this assumption, income will be regularly reinvested.

- The index sponsor, its advisor and the editor

The sponsor, Lang & Schwarz TradeCenter AG & Co. KG, will select the securities comprising the notional reference portfolio in a professional manner, exercising the requisite due care. The sponsor is solely responsible for the composition of the notional reference portfolio, i.e. it alone will decide which securities will be included in the notional reference portfolio. However, it will be advised in this respect by wikifolio Financial Technologies AG, Vienna (in this section, "Wikifolio indices as the underlying asset," the "advisor"). In the performance of these advisory services, the advisor will avail itself of the support of third parties (the editors).

The editors have concluded a publication and use agreement with the advisor under which the editors will provide continuous advice with respect to the composition of individual virtual portfolios, which are created with a notional cash position which is to be freely chosen by the editor upon launch. Editors are entitled to limit themselves to certain investment categories from the general investment universe specified by the sponsor.

These virtual portfolios will be published on the internet platform www.wikifolio.com. Each of these virtual portfolios may serve as the basis for a notional reference portfolio pertaining to a relevant Wikifolio index. The virtual portfolio must have existed for at least 21 days and there must be ten reservations from users on the website www.wikifolio.com. These users must be prepared, in a non-binding manner, to invest a total of EUR 2,500.00.

- Starting value of the index

The first valuation of the relevant index will be performed at an index value of 100.00 points, so that the initial notional cash position in the notional reference portfolio, which can be freely chosen by the editor, will conform to the initial index position of 100.00 points.

- Additional information

Additional information about the index, e.g. information about the specific strategy of the index, including the specific investment universe and the selection process, will be published in the form of a supplement to this Base Prospectus.

Information as to the performance of the index and the notional reference portfolio, including information about the fees and qualifications of the editor, as well as the composition of the portfolio, are available online at www.wikifolio.com. Information about the change in the index's value is referred to there as "performance." The Issuer assumes no guarantee for the completeness and accuracy of content in the indicated websites.

Impact of the underlying asset on the value of the derivative instruments

Index certificates

Index certificates give the investor the right, on the maturity date, to request payment by the Issuer of a redemption amount corresponding to the value of the index underlying the certificates on the valuation date, possibly multiplied by the ratio (and converted into euro).

In other words, whether and in what amount certificate holders will be entitled to a payment claim depends on the performance of the underlying asset during the term of the certificate.

The value of certificates in the secondary market during the term develops in the same way: it generally loses value when the price of the underlying asset falls. Its value rises when the price of the underlying asset goes up.

Open-ended index certificates

Open-ended index certificates give investors the right to request payment of a redemption amount at certain redemption dates, corresponding to the value of the index underlying the open-ended index certificates on the valuation date, possibly multiplied by the ratio (and converted into euro).

The term of the open-ended index certificates is generally unlimited, although the holder has the right to redeem the open-ended index certificates at certain dates and to request payment of the redemption amount. The Issuer is also entitled to terminate open-ended index certificates on certain dates.

In other words, whether and in what amount the holders of open-ended index certificates are entitled to a payment claim depends on how the underlying asset performs during the term.

The value of open-ended index certificates in the secondary market develops in the same way: it generally loses value when the price of the underlying asset falls. Its value rises when the price of the underlying asset goes up.

Selling restrictions

United States of America

The derivative instruments have not been and will not be registered in accordance with the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or for the account or benefit of US persons, with the exception of certain transactions which are exempted from the registration requirement under the Securities Act. The terms used in this paragraph have the meaning indicated in Regulation S of the Securities Act.

Derivative instruments in bearer form are subject to the rules of US tax law and may not be offered, sold or delivered in the United States or its possessions, or to US persons, with the exception of certain transactions which are allowed under US tax rules. The terms used in this paragraph have the meaning indicated in the US Internal Revenue Code and the regulations issued on that basis.

Up to 40 days after commencement of the offering pursuant to this sales prospectus, or the value date, whichever is later, the offering or sale of derivative instruments in the United States may violate the registration requirement of the Securities Act.

United Kingdom

Derivative instruments with a term of one year or longer may not be offered or sold to persons in the United Kingdom prior to the expiration of a period of six months from the issue date of such derivatives, except to persons whose ordinary activities includes the purchase, holding, management or sale of assets for commercial purposes (as principal or agent), with the exception of circumstances which did not and will not lead to a public offering in the United Kingdom within the meaning of the Public Offers of Securities Regulations of 1995.

Derivative instruments with a term of less than one year may only be purchased, held, managed and sold by persons whose ordinary activities involve the acquisition, holding, management or sale of assets for commercial purposes (as principal or agent), and may only be offered or sold to persons whose ordinary activities include the purchase, holding, management or sale of assets for commercial purposes (as principal or agent), or who can reasonably be expected to purchase, hold, manage or sell assets for commercial purposes (as principal or agent), insofar as issuance of the derivative instruments would otherwise represent a violation of Section 19 of the Financial Services and Markets Act of 2000 ("FSMA") by the Issuer.

An invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) given by the Issuer in connection with the issue or sale of derivative instruments may only be communicated, and its communication may only be initiated, in case of circumstances under which Section 21(1) of the FSMA does not apply to the Issuer. All actions with respect to derivative instruments which are taken in, taken from, or affect the United Kingdom must comply with all applicable provisions of the FSMA.

The Netherlands

Each financial intermediary has represented and agreed, and each further financial intermediary appointed under the Base Prospectus will be required to represent and agree, that it will not make an offer of Certificates which are subject of the offering contemplated by this Base Prospectus as complemented by the Final Terms in relation hereto, to the public in the Netherlands in reliance on Article 3(2) of EU Directive 2003/71/EC, as amended (the "Prospectus Directive") unless:

- (i) such offer is made exclusively to persons or legal entities which are qualified investors as defined by the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*); or
- (ii) standard exemption wording and a logo are disclosed as required by article 5:20(5) of the Act on Financial Supervision and its implementing regulations, as amended from time to time;

provided that no such offer of Certificates shall require the Issuer or any financial intermediary to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Other countries

The derivative instruments may not be offered, sold or delivered and no offer documents relating to the derivative instruments may be disseminated or published within or from any territory except if such activity is permissible in accordance with the applicable laws and regulations of the relevant territory and if such activity does not establish any obligations of any kind for the Issuer.

Documents incorporated by reference

The following Product Terms and Conditions are hereby incorporated into this Base Prospectus by reference:

[Product Terms and Conditions on pages 164 to 171 in the Base Prospectus of 16 June 2014, which was deposited with BaFin, on [•-][open-ended] index certificates (published on the website at www.ls-tc.de).]

[Product Terms and Conditions on pages 169 to 176 in the Base Prospectus of 11 December 2013, which was deposited with BaFin, on [•-][open-ended] index certificates (published on the website at www.ls-tc.de).]

For certificates which were first offered or listed in a stock exchange based on the Base Prospectus of 16 June 2014 or based on the Base Prospectus of 11 December 2013, the description of the securities of this Prospectus is fully relevant. The description of the securities includes all information required by EC Regulation No 809/2004.

The parts of the aforementioned Base Prospectuses not incorporated by reference are either not relevant for the investors or already specified at other points in this Prospectus.

Product Terms and Conditions

The omissions indicated in the following Product Terms and Conditions by placeholders are supplemented in the Final Terms; information in square brackets may be left out if relevant.

Diese Produktbedingungen sind in deutscher und in englischer Sprache erstellt. Zivilrechtlich maßgeblich sind allein die Produktbedingungen in deutscher Sprache. Der englische Wortlaut dient allein für den Zweck, diese Zertifikate in EU-Staaten anzubieten, in denen Deutsch nicht die Sprache des Herkunftsmitgliedstaates ist.

These Product Terms and Conditions are written in German and in English language. Binding under civil law are only the Product Terms and Conditions in German language. The English text is provided solely for purposes to offer these certificates in EU states where German is not the language of the home member state.

[[·-]]Endlos-Zertifikate auf Indizes

[[·-]][open-ended]index certificates

Produktbedingungen

Product Terms and Conditions

**§ 1
Form**

**§ 1
Form**

1. Die [·-]Endlos-Zertifikate einer jeden Serie (die „Zertifikate“) der Lang & Schwarz Aktiengesellschaft, Düsseldorf, (die „Emittentin“) werden jeweils durch eine Inhaber-Sammelurkunde (die „Globalurkunde“) verbrieft, die bei der Clearstream Banking AG, Frankfurt am Main, hinterlegt ist.
2. Es werden keine effektiven Stücke ausgegeben. Der Anspruch der Inhaber von Zertifikaten (die „Zertifikatsinhaber“) auf Lieferung effektiver Stücke ist ausgeschlossen. Den Inhabern des Zertifikats stehen Miteigentumsanteile an der jeweiligen Globalurkunde zu, die gemäß den Regeln und Bestimmungen der Clearstream Banking AG übertragen werden können.
3. Die jeweilige Globalurkunde trägt die eigenhändige Unterschrift von mindestens einem Vertretungsberechtigten der Emittentin.

1. The [·-][open-ended] certificates of each series (the "Certificates") of Lang & Schwarz Aktiengesellschaft, Düsseldorf (the "Issuer"), shall be represented by a global bearer certificate (the "Global Certificate") deposited with Clearstream Banking AG, Frankfurt am Main.
2. No effective certificates shall be issued. The right of the holders of Certificates (the "Certificate Holders") to demand the delivery of effective certificates is excluded. The Certificate Holders are entitled to co-ownership shares in each Global Certificate, which may be transferred pursuant to the rules and regulations of Clearstream Banking AG.
3. Each Global Certificate shall bear the personal signature of at least one authorized representative of the Issuer.

§ 2 Fälligkeit

1. [Die Zertifikate werden am • (der „Einlösungstermin“) eingelöst.][Jeder Zertifikatsinhaber hat das Recht, von der Emittentin die Einlösung der Zertifikate zu verlangen. Die Einlösung kann nur gemäß den in Absatz 2 enthaltenen Bestimmungen und nur zu einem Einlösungstermin gefordert werden. „Einlösungstermin“ ist [jeder letzte Bankarbeitstag der Monate • eines jeden Jahres ab dem Monat •][•].]
2. Die Einlösung eines jeden Zertifikats erfolgt zu einem Betrag in EUR (der „Auszahlungsbetrag“), der nach der folgenden Formel berechnet wird:

$$E = \text{Index}_{\text{final}} \times \text{Bezugsverhältnis} [x \cdot]$$

wobei

E = der [in [USD][JPY][CHF][GBP][•] ausgedrückte [,in EUR umgerechnete] und] [[auf den nächsten Cent (EUR 0,01)][•] kaufmännisch auf- oder abgerundete] Auszahlungsbetrag pro Zertifikat

$\text{Index}_{\text{final}}$ = der [in [USD][JPY][CHF][GBP][•] ausgedrückte] Referenzpreis (Absatz 5 c)) des Index (Absatz 5 d)) am Bewertungstag (Absatz 5 b))

Bezugsverhältnis = das jeweilige „Bezugsverhältnis“ einer Serie von Zertifikaten wird als Dezimalzahl ausgedrückt und entspricht dem in Absatz 5 g) genannten Verhältnis

Für die Berechnungen gemäß diesen Produktbedingungen entspricht jeweils ein Indexpunkt [USD][JPY][CHF][GBP][•] [1,00][•]

[Die Umrechnungen gemäß diesem Absatz 2 erfolgen zum Maßgeblichen Umrechnungskurs (Absatz 5 h)).]

3. [In dieser Variante gestrichen]
4. [Um die Einlösung der Zertifikate zu einem Einlösungstermin zu verlangen, muss der Zertifikatsinhaber spätestens

§ 2 Maturity

1. [The Certificates shall be redeemed on • (the "Redemption Date").][Each Certificate Holder shall have the right to request from the Issuer the redemption of the Certificates. The redemption may only be requested pursuant to the provisions contained in Paragraph 2 and only on a Redemption Date. "Redemption Date" shall mean [any final Banking Day of the months • of each year beginning with the month of •][•].]
2. Each Certificate shall be redeemed in an amount in EUR (the "Redemption Amount"), which shall be calculated in accordance with the following formula:

$$E = \text{Index}_{\text{final}} \times \text{Ratio} [x \cdot]$$

where:

E = the Redemption Amount per Certificate [expressed in [USD][JPY][CHF][GBP][•] [, converted into EUR] and] [rounded up or down commercially [to the next cent (EUR 0.01)][•]]

$\text{Index}_{\text{final}}$ = the Reference Price (Paragraph 5 c)) of the Index (Paragraph 5 d)) [expressed in [USD][JPY][CHF][GBP][•]] on Valuation Date (Paragraph 5 b))

Ratio = the respective "Ratio" of a series of Certificates shall be expressed as a decimal number and correspond to the ratio mentioned in Paragraph 5 g)

For the calculations pursuant to these Product Terms and Conditions, one index point shall correspond to [USD][JPY][CHF][GBP][•] [1.00][•]

[The conversions pursuant to this Paragraph 2 shall be made at the Relevant Exchange Rate (Paragraph 5 h)).]

3. [deleted in this variant]
4. [In order to request the redemption of the Certificates on a Redemption Date, the Certificate Holder must at the latest

am [zehnten][•] Bankarbeitstag vor dem verlangten Einlösungstermin

on the [tenth][•] Banking Day before the requested Redemption Date

- i. bei der Emittentin eine formlose, schriftliche Erklärung einreichen (die „Einlösungserklärung“) und
- ii. die Zertifikate an die Zahlstelle (§ 5) liefern und zwar entweder (i) durch eine unwiderrufliche Anweisung an die Zahlstelle, die Zertifikate aus dem gegebenenfalls bei der Zahlstelle unterhaltenen Depot zu entnehmen oder (ii) durch Übertragung der Zertifikate auf das Konto der Zahlstelle bei der Clearstream Banking AG.

- i. submit an informal written declaration to the Issuer (the "Redemption Declaration") and
- ii. deliver the Certificates to the Paying Agent (§ 5) either (i) through an irrevocable instruction to the Paying Agent to withdraw the Certificates from the securities deposit maintained with the Paying Agent or (ii) by transferring the Certificates onto the account of the Paying Agent with Clearstream Banking AG.

Die Einlösungserklärung muss enthalten:

The Redemption Declaration must contain:

- a) den Namen und die Anschrift des Zertifikatsinhabers oder seines zur Ausübung Bevollmächtigten,
- b) die ISIN bzw. WKN der Zertifikate, für die das Recht ausgeübt wird,
- c) die Anzahl der Zertifikate, für die das Recht ausgeübt wird und
- d) ein EUR-Konto als Zahlungsweg für den Auszahlungsbetrag.

- a) the name and address of the Certificate Holder or the exercise agent thereof;
- b) the ISIN or WKN of the Certificates for which the right is being exercised;
- c) the number of Certificates for which the right is being exercised; and
- d) a EUR account as payment method for the Redemption Amount.

Die Einlösungserklärung ist verbindlich und unwiderruflich.

The Redemption Declaration shall be binding and irrevocable.

Eine in Bezug auf einen bestimmten Einlösungstermin abgegebene Einlösungserklärung ist nichtig, wenn sie nach Ablauf des [zehnten][•] Bankarbeitstages vor diesem Einlösungstermin eingeht. Werden die Zertifikate, auf die sich eine Einlösungserklärung bezieht, nicht oder nicht rechtzeitig an die Zahlstelle geliefert, so ist die Einlösungserklärung nichtig. Weicht die in der Einlösungserklärung genannte Zahl von Zertifikaten, für die die Einlösung beantragt wird, von der Zahl der an die Zahlstelle übertragenen Zertifikate ab, so gilt die Einlösungserklärung nur für die der kleineren der beiden Zahlen entsprechende Anzahl von Zertifikaten als eingereicht. Etwaige überschüssige Zertifikate werden auf Kosten und Gefahr des Zertifikatsinhabers an diesen zurück

A Redemption Declaration issued in relation to a specific Redemption Date shall be void if it is received after the [tenth][•] Banking Day before such Redemption Date. If the Certificates to which a Redemption Declaration refers are not delivered or not delivered in a timely fashion to the Paying Agent, the Redemption Declaration shall be void. If the number of Certificates for which the redemption is being requested in the Redemption Declaration varies from the number of Certificates transferred to the Paying Agent, the Redemption Declaration shall only be considered as submitted for the number of Certificates corresponding to the smaller of the two numbers. Any excessive Certificates shall be transferred back to the Certificate Holder at the cost and risk of the Certificate Holder.

übertragen.

Nach wirksamer Einreichung von Zertifikaten zur Einlösung wird die Emittentin veranlassen, dass der Auszahlungsbetrag der Zahlstelle zur Verfügung gestellt wird, die diesen am jeweiligen Einlösungstermin auf ein in der Einlösungserklärung vom Zertifikatsinhaber benanntes Konto überwiesen wird.

After the effective submission of Certificates for redemption, the Issuer shall initiate that the Redemption Amount is to be provided to the Paying Agent, who shall remit such Redemption Amount on the relevant Redemption Date onto a bank account specified in the Redemption Declaration by the Certificate Holder.

Mit der Einlösung der Zertifikate am jeweiligen Einlösungstermin erlöschen alle Rechte aus den eingelösten Zertifikaten.][In dieser Variante gestrichen]

With the redemption of the Certificates on the relevant Redemption Date, all rights of the redeemed Certificates shall expire.][deleted in this variant]

[Falls die Anzahl der zu einem bestimmten Einlösungstermin (der „Ursprüngliche Einlösungstermin“) wirksam eingereichten Zertifikate [\bullet % der Gesamtzahl aller zu diesem Zeitpunkt noch ausstehenden][\bullet] Zertifikate übersteigt, ist die Emittentin nicht verpflichtet, die zu diesem Einlösungstermin eingereichten Zertifikate einzulösen. In diesem Fall hat die Emittentin das Recht, alle zur Einlösung eingereichten Zertifikate zu dem Einlösungstermin, der dem Ursprünglichen Einlösungstermin unmittelbar nachfolgt, einzulösen. Die Emittentin wird die Nicht-Einlösung zum Ursprünglichen Einlösungstermin sowie die Einlösung zu dem darauf folgenden Einlösungstermin unverzüglich nach dem Ursprünglichen Einlösungstermin gemäß § 7 bekannt machen. Das vorbezeichnete Recht der Emittentin besteht nicht an einem Einlösungstermin, der einem Einlösungstermin unmittelbar nachfolgt, der infolge einer Marktstörung (Absatz 5 f)) bereits einmal verschoben wurde.]

[If on a specific Redemption Date (the "Original Redemption Date") the number of Certificates validly submitted exceeds [\bullet % of the total number of all Certificates still outstanding on such date] [\bullet], the Issuer shall not be obliged to redeem the Certificates submitted for this Redemption Date. In such case, the Issuer shall have the right to redeem all Certificates submitted for redemption on the Redemption Date directly following the Original Redemption Date. The Issuer shall notify the non-redemption on the Original Redemption Date and the redemption on the following Redemption Date immediately after the Original Redemption Date pursuant to § 7. The aforementioned right of the Issuer shall not exist on a Redemption Date immediately following a Redemption Date that was previously postponed once as a consequence of a Market Disruption (Paragraph 5 f)).]

5. Für die Zwecke dieser Produktbedingungen gelten die folgenden Begriffsbestimmungen:

5. For the purposes of these Product Terms and Conditions, the following definitions shall apply:

- a) Ein „Bankarbeitstag“ ist ein Tag, an dem die Banken in Frankfurt am Main für den allgemeinen Geschäftsbetrieb geöffnet sind.
- b) Der „Bewertungstag“ ist der fünfte Bankarbeitstag vor dem jeweiligen Einlösungstermin.

- a) A "Banking Day" shall mean a day on which the banks in Frankfurt am Main are open for general business.
- b) The "Valuation Date" shall mean the fifth Banking Day before the relevant Redemption Date.

Wenn am Bewertungstag der Referenzpreis des Index nicht festgestellt und veröffentlicht wird oder wenn nach Auffassung der Emittentin am Bewertungstag eine Marktstörung in Bezug auf den Index vorliegt (Absatz 5 f)), dann wird der Bewertungstag auf den nächstfolgenden Kalendertag verschoben, an dem ein Referenzpreis des Index wieder festgestellt und veröffentlicht wird und an dem keine Marktstörung vorliegt.

If the Reference Price of the Index is not determined or published on the Valuation Date or if, in the opinion of the Issuer, a Market Disruption exists in relation to the Index on the Valuation Date (Paragraph 5 f)), the Valuation Date shall then be postponed to the next calendar day on which a Reference Price of the Index is again determined and published and no Market Disruption exists.

Wird aufgrund der vorstehenden Bestimmung der Bewertungstag auf den dritten Bankarbeitstag vor dem Fälligkeitstag verschoben und wird auch an diesem Tag kein Referenzpreis des Index festgestellt und veröffentlicht oder liegt nach Auffassung der Emittentin an diesem Tag eine Marktstörung vor, dann wird die Emittentin den maßgeblichen Index unter Anwendung der zuletzt für die Berechnung des Index gültigen Berechnungsmethode errechnen, wobei die Emittentin der Berechnung die Kurse der im Index enthaltenen Wertpapiere an diesem Tag zu dem Zeitpunkt zugrunde legt, an dem üblicherweise der Referenzpreis des Index bestimmt wird (der „Bewertungszeitpunkt“). Sollte der Handel eines oder mehrerer der für die Berechnung des Index maßgeblichen Wertpapiere an einem solchen Tag ausgesetzt oder wesentlich eingeschränkt werden, wird die Emittentin – gegebenenfalls nach Beratung mit einem unabhängigen Sachverständigen, wenn dies die Emittentin als notwendig erachtet – unter Berücksichtigung der an diesem Tag herrschenden Marktgegebenheiten den Preis der jeweiligen Wertpapiere zu dem Bewertungszeitpunkt nach billigem Ermessen (§ 315 BGB) schätzen.

If, based on the above provision, the Valuation Date is postponed to the third Banking Day before the Maturity Date and no Reference Price of the Index is determined and published on such date or if, in the opinion of the Issuer, a Market Disruption exists on such date, the Issuer shall calculate the relevant Index using the most recent calculation method applicable for the calculation of the Index, whereby the Issuer shall base the calculation on the prices of the securities contained in the Index on this day at the point in time when the Reference Price of the Index is usually determined (the "Valuation Time"). Should trading in one or more securities relevant to the calculation of the Index be suspended or significantly restricted on such day, the Issuer shall—if relevant after consulting with an independent expert, if the Issuer deems this necessary—estimate the price of the relevant securities on the Valuation Time at its equitable discretion (§ 315 of the German Civil Code) with due regard to the market circumstances prevailing on such date.

- c) Der jeweilige „Referenzpreis“ einer Serie von Zertifikaten ist der [zuletzt festgestellte und veröffentlichte Kurs (•) des Index][•].
- d) Der „Index“ ist [der von • (der „Sponsor“) zusammengestellte, veränderte, berechnete und veröffentlichte •-Index [ISIN •]][der vom in Absatz 5 g) genannten Sponsor (der „Sponsor“)]

- c) The respective "Reference Price" of a series of Certificates shall be [the price (•) of the Index most recently determined and published][•].
- d) The "Index" is [the • Index [ISIN •] composed, modified, calculated and published by • (the "Sponsor")][the index composed, modified, calculated and published by the sponsor mentioned in Paragraph 5

zusammengestellte, veränderte, berechnete und veröffentlichte und in Absatz 5 g) genannte Index][der •]. [Bei der Zusammenstellung, Veränderung und Berechnung lässt sich der Sponsor von • (der „Berater“) beraten.]

g) (the "Sponsor") and specified in Paragraph 5 g)][the •]. [The Sponsor is advised by • (the "Adviser") when composing, modifying and calculating the Index.]

[Der Berater handelt als Beauftragter der Emittentin. Zwischen ihm und den Zertifikatsinhabern wird kein Rechtsverhältnis begründet. Die Emittentin hat das Recht, andere Personen, Gesellschaften oder Institutionen, die die Emittentin für geeignet hält, als Berater zu beauftragen. In diesem Fall wird der Auszahlungsbetrag bzw. Kündigungsbetrag gegebenenfalls auf der Grundlage des von dieser anderen Person, Gesellschaft oder Institution beratenen Index berechnet.]

[The Adviser acts as agent of the Issuer. No legal relationship shall be established between the Advisor and the Certificate Holders. The Issuer shall have the right to authorize as Adviser other persons, companies or institutions deemed suitable by the Issuer. In such event, the Redemption Amount and/or the termination amount shall if any be calculated on the basis of the Index for which this other person, company or institution is providing advice.]

[Die Emittentin hat das Recht, die Zusammenstellung, Veränderung, Berechnung und Veröffentlichung des Index einer anderen Person, Gesellschaft oder Institution zu übertragen, die die Emittentin für geeignet hält.]

[The Issuer shall have the right to transfer the composition, modification, calculation and publication of the Index to another person, company or institution deemed suitable by the Issuer.]

Wird der Index nicht mehr vom Sponsor, sondern von einer anderen Person, Gesellschaft oder Institution, die die Emittentin für geeignet hält (der „Nachfolgesponsor“) berechnet und veröffentlicht, so wird der Auszahlungsbetrag gegebenenfalls auf der Grundlage des vom Nachfolgesponsor berechneten und veröffentlichten Index berechnet. Jede in diesen Produktbedingungen enthaltene Bezugnahme auf den Sponsor gilt, sofern es der Zusammenhang erlaubt, als Bezugnahme auf den Nachfolgesponsor.

If the Index is no longer calculated and published by the Sponsor, but by another person, company or institution deemed suitable by the Issuer (the "Successor Sponsor"), the Redemption Amount shall be calculated if relevant based on the Index calculated and published by the Successor Sponsor. Every reference in these Product Terms and Conditions to the Sponsor shall be considered, if applicable, as referring to the Successor Sponsor.

Wird der Index zu irgendeiner Zeit aufgehoben und/oder durch einen anderen Index ersetzt, legt die Emittentin fest, welcher Index künftig für die Berechnung des Auszahlungsbetrages zugrunde zu legen ist (der „Nachfolgeindex“). Der Nachfolgeindex sowie der Zeitpunkt seiner erstmaligen Anwendung werden unverzüglich gemäß § 7 bekannt gemacht. Jede in diesen Produktbedingungen enthaltene Bezugnahme auf den Index gilt dann, sofern es der Zusammenhang

If the Index is ceased at any point in time and/or replaced by another index, the Issuer shall determine what index does apply in the future to calculate the Redemption Amount (the "Successor Index"). The Successor Index and the date of its initial implementation shall be announced without delay pursuant to § 7. Every reference in these Product Terms and Conditions to the Index shall then be considered, as permitted by the context, as referring to the Successor Index.

erlaubt, als Bezugnahme auf den Nachfolgeindex.

Ist nach Ansicht der Emittentin die Festlegung eines Nachfolgeindex, aus welchen Gründen auch immer, nicht möglich, oder nimmt der Sponsor an oder vor einem Bewertungstag mit Auswirkung an dem Bewertungstag eine wesentliche Veränderung hinsichtlich der Berechnungsmethode zur Bestimmung des Index vor oder verändert der Sponsor den Index auf irgendeine andere Weise wesentlich (mit Ausnahme einer Veränderung, die bereits im Rahmen der Berechnungsmethode zur Bestimmung des Index für den Fall der Veränderung der Zusammensetzung der dem Index zugrunde gelegten Aktien, der Kapitalisierung oder anderer Routinemaßnahmen vorgesehen ist),

(i) wird die Emittentin oder ein von ihr bestellter Sachverständiger für die Weiterrechnung und Veröffentlichung des Index auf der Grundlage des bisherigen Indexkonzeptes und des letzten festgestellten Wertes des Index Sorge tragen, wobei eine derartige Fortführung unverzüglich gemäß § 7 bekannt gemacht wird oder

(ii) ist die Emittentin berechtigt, die Zertifikate mit einer Frist von mindestens zehn Bankarbeitstagen zum nächstfolgenden Einlösungstermin durch Bekanntmachung gemäß § 7 zu kündigen (die „Außerordentliche Kündigung“). Im Falle der Außerordentlichen Kündigung findet § 3 Absatz 3 und 4 entsprechend Anwendung.

e) In dieser Variante gestrichen

f) Eine „Marktstörung“ bedeutet die Aussetzung oder die Einschränkung des Handels der im Index enthaltenen [Aktien][Wertpapiere][•] an den Wertpapierbörsen oder Handelssystemen, deren Kurs für die Berechnung des Index herangezogen werden, sofern eine solche Aussetzung oder Einschränkung nach Einschätzung der Emittentin die Berechnung des

If, in the view of the Issuer, it is not possible for whatever reasons to determine a Successor Index or if the Sponsor undertakes on or before a Valuation Date with effect on the Valuation Date a significant change in the calculation method for the determination of the Index or if the Sponsor significantly changes the Index in any other way (except for a change which is already foreseen within the framework of the calculation method for the determination of the Index in the event of a change in the composition of the equities contained in the Index, the capitalization or other routine actions),

(i) the Issuer or an expert appointed by the Issuer shall ensure the further calculation and publication of the Index based on the previous Index concept and the most recently determined value of the Index, whereby such continuation is to be announced without delay pursuant to § 7; or

(ii) the Issuer shall be entitled to terminate the Certificates upon notice of at least 10 Banking Days effective to the next Redemption Date by announcement pursuant to § 7 ("Extraordinary Termination"). In the event of an Extraordinary Termination, § 3 Paragraphs 3 and 4 shall apply accordingly.

e) deleted in this variant

f) A "Market Disruption" means the suspension or restriction of trading of the [equities][securities][•] contained in the Index on the stock exchanges or trading systems whose price is used to calculate the Index, provided such suspension or restriction materially influences the calculation of the Index in the Issuer's estimation [or the suspension or restriction of trading of futures or options relating to the

Index wesentlich beeinflusst [oder die Aussetzung oder die Einschränkung des Handels von auf den Index bezogenen Terminkontrakten oder Optionskontrakten an der Terminbörse mit dem größten Handelsvolumen in auf den Index bezogenen Terminkontrakten oder Optionskontrakten].

Index on the futures exchanges with the largest trading volume in futures or options on the Index].

Eine Beschränkung der Stunden oder der Anzahl der Tage, an denen ein Handel stattfindet, gilt nicht als Marktstörung, sofern die Einschränkung auf einer vorher angekündigten Änderung der regulären Geschäftszeiten der betreffenden Börse beruht. Eine im Laufe des Tages auferlegte Beschränkung im Handel aufgrund von Preisbewegungen, die bestimmte vorgegebene Grenzen überschreiten, gilt nur als Marktstörung, wenn sie bis zum Ende der Handelszeit an dem betreffenden Tag andauert.

A restriction of the hours or the number of days on which trading takes place shall not be considered as a Market Disruption, provided the restriction is based on a previously announced change in the regular business hours of the relevant stock exchange. Any restriction in trading imposed in the course of the day due to price movements exceeding certain limits shall only be considered as a Market Disruption if it continues until the end of the trading hours on the relevant day.

g) Für jede Serie von Zertifikaten gelten für die Begriffe „Index“, „Sponsor“, „Referenzpreis“ und „Bezugsverhältnis“ die in der nachstehenden Tabelle genannten Angaben:

g) For each series of Certificates, the information specified in the following table shall apply to the terms ["Index,"], ["Sponsor,"], ["Reference Price,"] and "Ratio":

[Typ]	[WKN] [/] [ISIN]	[Index] [ISIN]	[Sponsor]
•	•	•	•

[Type]	[WKN] [/] [ISIN]	[Index] [ISIN]	[Sponsor]
•	•	•	•

[Referenzpreis]	[Höchstbetrag]	Bezugsverhältnis
•	•	•

[Reference Price]	[Maximum Amount]	Ratio
•	•	•

] [h) Der „Maßgebliche Umrechnungskurs“ ist der am International Interbank Spot Market quotierte und auf der [Reuters-Seite •][Bloomberg-Seite •][•] bzw. auf einer von der Emittentin gemäß § 7 bekannt gemachten Ersatzseite veröffentlichte Briefkurs für EUR 1,00 in [USD][JPY][CHF][GBP][•] (der „EUR/•-Briefkurs“) am Bewertungstag zu dem Zeitpunkt, an dem der Referenzpreis des Index an der Maßgeblichen Börse festgestellt und veröffentlicht wird.

] [h) The "Relevant Exchange Rate" shall be the offer price quoted on the International Interbank Spot Market and published on [Reuters pages •][Bloomberg page •][•] or an alternate page announced by the Issuer pursuant to § 7 for EUR 1.00 in [USD][JPY][CHF][GBP][•] (the "EUR/• Offer Price") on the Valuation Date at the time when the Reference Price of the Index is determined and published on the Relevant Stock Exchange.

Sollte am Bewertungstag kein EUR/•-Briefkurs auf der [Reuters-Seite

If on the Valuation Date no EUR/• Offer Price is published on [Reuters page

•)[Bloomberg-Seite •][•] oder einer diese ersetzenden Seite veröffentlicht werden, so wird die Emittentin an diesem Tag vier von ihr nach billigen Ermessen (§ 315 BGB) ausgewählte führende Banken auffordern, ihr den Briefkurs für EUR in • zu dem Zeitpunkt mitzuteilen, an dem der Referenzpreis des Index an der Maßgeblichen Börse festgestellt und veröffentlicht wird. Der Maßgebliche Umrechnungskurs ist dann das arithmetische Mittel dieser Briefkurse.]

•)[Bloomberg page •][•] or on an alternate page, the Issuer shall request on such date four leading banks selected by it at its equitable discretion (§ 315 of the German Civil Code) to notify to the Issuer the offer price for EUR in • at the time when the Reference Price of the Index is determined and published on the Relevant Stock Exchange. The Relevant Exchange Rate shall in this case be the arithmetic mean of these offer prices.]

6. Festlegungen, Berechnungen oder sonstige Entscheidungen der Emittentin sind, sofern kein offensichtlicher Fehler vorliegt, für alle Beteiligten bindend.

6. Determinations, calculations or other decisions of the Issuer shall be binding for all parties, except in the case of obvious errors.

7. Alle gegenwärtigen und zukünftigen Steuern, Gebühren oder sonstigen Abgaben im Zusammenhang mit den Wertpapieren sind von den Inhabern der Wertpapiere zu tragen und zu zahlen. Die Emittentin ist berechtigt, von Zahlungen, die im Zusammenhang mit den Wertpapieren anfallen, Steuern, Gebühren und/oder Abgaben in Abzug zu bringen, die von den Inhabern der Wertpapiere nach Maßgabe des vorstehenden Satzes zu zahlen sind.

7. All present and future taxes, charges and other levies related to the securities are to be borne and paid by the holders of the securities. The Issuer shall be entitled to deduct from these payments the taxes, charges and/or levies incurred in connection with the securities, which are payable by the holders of the securities in accordance with the provisions of the above sentence.

§ 3

Ordentliches Kündigungsrecht der Emittentin

- [
1. Die Emittentin ist berechtigt, jeweils zum • [eines jeden] [jedes •. (•)] [Jahres][Monats][•], erstmals zum • (jeweils ein „Kündigungstermin“), die Zertifikate insgesamt, jedoch nicht teilweise zu kündigen.
 2. Die Kündigung durch die Emittentin ist mindestens • [Tage][Bankarbeitstage] vor dem jeweiligen Kündigungstermin gemäß § 7 bekannt zu machen. Die Bekanntmachung ist unwiderruflich und muss den Kündigungstermin nennen.
 3. Im Falle der Kündigung durch die Emittentin erfolgt die Einlösung eines jeden Zertifikats gemäß § 2 Absatz 2, wobei der fünfte Bankarbeitstag vor dem jeweiligen Kündigungstermin als

§ 3

Ordinary Termination Right of the Issuer

- [
1. The Issuer shall be entitled to terminate the Certificates as a whole, though not in part, as of • of each [year][month][•], for the first time of • (each a "Termination Date").
 2. The termination by the Issuer is to be announced at least • [days][Banking Days] before the relevant Termination Date pursuant to § 7. The notice shall be irrevocable and must specify the Termination Date.
 3. In the event of a termination by the Issuer, the redemption of each Certificate shall be affected pursuant to § 2 (2), whereby the fifth Banking Day before the Termination Date shall be

Bewertungstag gilt.

considered as the Valuation Date.

4. Sämtliche im Falle der Kündigung durch die Emittentin gemäß den Produktbedingungen zahlbaren Beträge sind an die Zahlstelle mit der Maßgabe zu zahlen, dass die Zahlstelle die zahlbaren Beträge der Clearstream Banking AG zwecks Gutschrift auf die Konten der jeweiligen Depotbanken zur Weiterleitung an die Zertifikatsinhaber überweist.
5. Das Recht der Zertifikatsinhaber, die Einlösung der Zertifikate zu den jeweiligen Einlösungsterminen zu verlangen, wird durch die Kündigung der Emittentin nicht berührt.][In dieser Variante gestrichen]
4. All amounts payable in the event of a termination by the Issuer pursuant to these Product Terms and Conditions are to be paid to the Paying Agent, subject to the condition that the Paying Agent transfer the payable amounts to Clearstream Banking AG for credit entry on the bank accounts of the relevant custodians for transfer to the Certificate Holders.
5. The right of the Certificate Holders to request the redemption of the Certificates on the relevant Redemption Dates shall not be affected by the termination of the Issuer.][deleted in this variant]

§ 4 Transfer

§ 4 Transfer

Sämtliche gemäß den Produktbedingungen zahlbaren Beträge sind an die Zahlstelle (§ 5) mit der Maßgabe zu zahlen, dass die Zahlstelle die zahlbaren Beträge der Clearstream Banking AG zwecks Gutschrift auf die Konten der jeweiligen Depotbanken zur Weiterleitung an die Zertifikatsinhaber überweist.

All amounts payable pursuant to these Product Terms and Conditions are to be paid to the Paying Agent (§ 5), subject to the condition that the Paying Agent transfer the payable amounts to Clearstream Banking AG for credit entry on the bank accounts of the relevant custodians for transfer to the Certificate Holders.

§ 5 Zahlstelle

§ 5 Paying Agent

1. Die HSBC Trinkaus & Burkhardt AG, Königsallee 21-23, D-40212 Düsseldorf ist Zahlstelle (die „Zahlstelle“).
2. Die Emittentin ist jederzeit berechtigt, eine andere inländische Bank von internationalem Ansehen als Zahlstelle zu bestellen. Die Bestellung einer anderen Zahlstelle ist von der Emittentin unverzüglich gemäß § 7 bekannt zu machen.
3. Die Zahlstelle haftet dafür, dass sie Erklärungen abgibt, nicht abgibt oder entgegennimmt oder Handlungen vornimmt oder unterlässt, nur, wenn und soweit sie die Sorgfalt eines ordentlichen Kaufmanns verletzt hat.
4. Die Zahlstelle ist von den
1. HSBC Trinkaus & Burkhardt AG, Königsallee 21-23, D-40212 Düsseldorf is paying agent (the "Paying Agent").
2. The Issuer shall be entitled at any time to appoint another domestic bank of international reputation as Paying Agent. The appointment of another Paying Agent must be announced by the Issuer without delay pursuant to § 7.
3. The Paying Agent shall be liable for the fact that it has issued, not issued or received declarations or undertaken or omitted actions only if and to the extent it has not exercised the diligence of a decent business man.
4. The Paying Agent shall be exempted

Beschränkungen des § 181 BGB und etwaigen gleichartigen Beschränkungen des anwendbaren Rechts anderer Länder befreit.

§ 6 Schuldnerwechsel

1. Jede andere Gesellschaft kann vorbehaltlich Absatz 2 jederzeit während der Laufzeit der Zertifikate nach Bekanntmachung durch die Emittentin gemäß § 7 alle Verpflichtungen der Emittentin aus diesen Produktbedingungen übernehmen. Bei einer derartigen Übernahme wird die übernehmende Gesellschaft (nachfolgend „Neue Emittentin“ genannt) der Emittentin im Recht nachfolgen und an deren Stelle treten und kann alle sich für die Emittentin aus den Zertifikaten ergebenden Rechte und Befugnisse mit derselben Wirkung ausüben, als wäre die Neue Emittentin in diesen Produktbedingungen als Emittentin bezeichnet worden; die Emittentin (und im Falle einer wiederholten Anwendung dieses § 6, jede etwaige frühere Neue Emittentin) wird damit von ihren Verpflichtungen aus diesen Produktbedingungen und ihrer Haftung als Schuldnerin aus den Zertifikaten befreit. Bei einer derartigen Übernahme bezeichnet das Wort „Emittentin“ in allen Bestimmungen dieser Produktbedingungen (außer in diesem § 6) die Neue Emittentin.
2. Eine solche Übernahme ist nur zulässig, wenn
 - a) sich die Neue Emittentin verpflichtet hat, jeden Zertifikatsinhaber wegen aller Steuern, Abgaben, Veranlagungen oder behördlicher Gebühren schadlos zu halten, die ihm bezüglich einer solchen Übernahme auferlegt werden;
 - b) die Emittentin (in dieser Eigenschaft „Garantin“ genannt) unbedingt und unwiderruflich zu Gunsten der Zertifikatsinhaber die Erfüllung aller von der Neuen

from the restrictions in § 181 of the German Civil Code and any comparable restrictions of the applicable law of other countries.

§ 6 Change of Debtors

1. Any other company may, subject to Paragraph 2, at any time during the term of the Certificates after an announcement by the Issuer pursuant to § 7 adopt all obligations of the Issuer based on these Product Terms and Conditions. Upon such an adoption, the adopting company (hereinafter, the "New Issuer") shall succeed the Issuer in law and substitute it and may exercise all rights and powers arising for the Issuer from the Certificates with the same effect as if the New Issuer had been designated as Issuer in these Product Terms and Conditions; the Issuer (and in the event of a repeated application of § 6, any former New Issuer) shall thus be released from its obligations based on these Product Terms and Conditions and its liability as debtor based on the Certificates. In the event of such an adoption, the word "Issuer" shall designate the New Issuer in all provisions of these Product Terms and Conditions (except in this § 6).
2. Such an adoption shall only be permissible if:
 - a) the New Issuer has agreed to hold every Certificate Holder harmless in relation to all taxes, charges, assessments or other administrative fees imposed on it regarding such adoption;
 - b) the Issuer (in this capacity, the "Guarantor") has unconditionally and irrevocably guaranteed in favor of the Certificate Holders the fulfillment of all payment obligations to be

Emittentin zu übernehmenden Zahlungsverpflichtungen garantiert hat und der Text dieser Garantie gemäß § 7 veröffentlicht wurde;

adopted by the New Issuer and the text of this guarantee was published pursuant to § 7;

c) die Neue Emittentin alle erforderlichen staatlichen Ermächtigungen, Erlaubnisse, Zustimmungen und Bewilligungen in den Ländern erlangt hat, in denen die Neue Emittentin ihren Sitz hat oder nach deren Recht sie gegründet ist.

c) the New Issuer has obtained all necessary governmental authorizations, permits, approvals and permissions in the countries where the New Issuer has its registered office or of which laws it has been founded.

3. Nach Ersetzung der Emittentin durch eine Neue Emittentin findet dieser § 6 erneut Anwendung.

3. After the replacement of the Issuer by a New Issuer, this § 6 shall apply anew.

§ 7 Bekanntmachungen

Bekanntmachungen, die die Zertifikate betreffen, [erfolgen durch eine Mitteilung an die Clearstream Banking AG zur Weiterleitung an die Zertifikatsinhaber oder durch eine schriftliche Mitteilung an die Inhaber der Zertifikate. Bekanntmachungen durch eine schriftliche Mitteilung an die Clearstream Banking AG gelten sieben Tage nach der Mitteilung an die Clearstream Banking AG, direkte Mitteilungen an die Inhaber der Zertifikate mit ihrem Zugang als bewirkt.] [werden [im Bundesanzeiger und soweit gesetzlich erforderlich] in je einem überregionalen Pflichtblatt der Wertpapierbörsen veröffentlicht, an denen die Zertifikate zum Börsenhandel zugelassen sind. [Eine Mitteilung gilt mit dem Tag ihrer Veröffentlichung (oder bei mehreren Mitteilungen mit dem Tag der ersten Veröffentlichung) als erfolgt.]] Sofern in diesen Produktbedingungen nichts anderes vorgesehen ist, dienen diese Bekanntmachungen nur zur Information und stellen keine Wirksamkeitsvoraussetzungen dar.

§ 7 Notices

Announcements relating to the Certificates [shall be made by notice to Clearstream Banking AG for transfer to the Certificate Holders or by written notice to the Certificate Holders. Announcements by written notice to Clearstream Banking AG shall be considered to take effect 7 days after the notice to Clearstream Banking AG, direct notices to the Certificate Holders shall take effect upon their receipt.] [shall be published [in the *Bundesanzeiger* and if required by law] in one national newspaper recognised by the stock exchanges on which the Certificates are admitted to trading. [A notice shall be considered made upon the day of its publication (or in the case of several notices on the day of the initial publication).]] Unless stipulated otherwise in these Product Terms and Conditions, these announcements shall only serve as information and shall not constitute a condition for validity.

§ 8 Schlussbestimmungen

1. Form und Inhalt der Zertifikate sowie die Rechte und Pflichten der Zertifikatsinhaber, der Emittentin, der Zahlstelle und einer etwaigen Garantin bestimmen sich in jeder Hinsicht nach dem Recht der Bundesrepublik Deutschland.
2. Sollte eine Bestimmung dieser Produktbedingungen ganz oder teilweise unwirksam sein oder werden, so sollen die übrigen Bestimmungen wirksam bleiben. Unwirksame Bestimmungen sollen dann dem Sinn und Zweck dieser Produktbedingungen entsprechend ersetzt werden.
3. Erfüllungsort ist der Sitz der Emittentin.
4. Gerichtsstand für alle Klagen und sonstigen Verfahren für Kaufleute, juristische Personen des öffentlichen Rechts, öffentlich-rechtliche Sondervermögen und Personen ohne allgemeinen Gerichtsstand in der Bundesrepublik Deutschland aus oder im Zusammenhang mit den Zertifikaten ist Düsseldorf.
5. Die Emittentin ist berechtigt, in diesen Produktbedingungen
 - a) offensichtliche Schreib- oder Rechenfehler oder ähnliche offenbare Unrichtigkeiten sowie
 - b) widersprüchliche oder lückenhafte Bestimmungen ohne Zustimmung der Inhaber der Zertifikate zu ändern bzw. zu ergänzen,

wobei in den unter b) genannten Fällen nur solche Änderungen bzw. Ergänzungen zulässig sind, die unter Berücksichtigung der Interessen der Emittentin für den Inhaber der Zertifikate zumutbar sind, d. h. die die finanzielle Situation der Inhaber der Zertifikate nicht wesentlich verschlechtern. Änderungen bzw. Ergänzungen dieser Produktbedingungen werden unverzüglich gemäß § 7 bekannt gemacht.]

§ 8 Final Provisions

1. The form and content of the Certificates and the rights and duties of the Certificate Holders, the Issuer, the Paying Agent and any guarantor, if applicable, shall be determined in every respect in accordance with the laws of the Federal Republic of Germany.
2. Should any provision of these Product Terms and Conditions be or become invalid in whole or in part, the other provisions shall remain valid. Invalid provisions are then to be replaced in accordance with the meaning and purpose of these Product Terms and Conditions.
3. The place of performance shall be the registered office of the Issuer.
4. The venue of jurisdiction for all legal actions and other proceedings for merchants, legal persons under public law, funds under public-law and persons without a general place of jurisdiction in the Federal Republic of Germany from or in connection with the Certificates shall be Düsseldorf.
5. The Issuer shall be entitled to modify or supplement these Product Terms and Conditions:
 - a) obvious typographic or calculation errors or similar manifest inaccuracies and
 - b) contradictory or missing provisions without the approval of the Certificate Holders,

whereby in the cases mentioned in b) only those modifications and additions may be made which are reasonable for the Certificate Holders with due regard to the interests of the Issuer, i.e. which do not materially worsen the financial situation of the Certificate Holders. Modifications of and additions to these Product Terms and Conditions shall be announced without delay pursuant to § 7.]

[Product Terms and Conditions

The following Product Terms and Conditions, which were deposited with BaFin, are hereby incorporated into this Base Prospectus by reference:

[Product Terms and Conditions on pages 164 to 171 in the Base Prospectus of 16 June 2014 on [•-][open-ended] index certificates (published on the website at www.ls-tc.de).]

[Product Terms and Conditions on pages 169 to 176 in the Base Prospectus of 11 December 2013 on [•-][open-ended] index certificates (published on the website at www.ls-tc.de).]

Form of Final Terms



Final Terms No. [•]

dated [•]

pursuant to § 6(3) of the German Securities Prospectus Act

[for the continuation of the public offering]
[to increase the issue volume of previously issued securities]

to the

Base Prospectus

dated 27 March 2015

on

**[•-] [open-ended] [certificates]
relating to
[Index]**

[These [•] will be consolidated with the [•] of the ISIN mentioned below, issued on •, and form with them a uniform issue and thus increase the total number of units • to • units (• increase).]

Lang & Schwarz Aktiengesellschaft

Düsseldorf

Introduction

These final terms ("Final Terms") were drafted for purposes of Article 5(4) of Directive 2003/71/EC and are to be read in conjunction with the Base Prospectus of Lang & Schwarz Aktiengesellschaft, Düsseldorf dated 27 March 2015 ("Base Prospectus") and any related supplements.

The Base Prospectus, any related supplements and these Final Terms will be published pursuant to § 14 of the German Securities Prospectus Act on the website at [www.ls-tc.de] [www.ls-d.de] [•] or an alternate website.

The Base Prospectus and any related supplements are to be read in conjunction with these Final Terms in order to receive all information regarding the derivative instruments of Lang & Schwarz Aktiengesellschaft.

A summary of each individual issue is attached to these Final Terms.

These Final Terms have the following components:

Information on the Issue..... •
Product Terms and Conditions •

Annex to the Final Terms

Issue-Specific Summary •

Information on the Issue

Offer and sale

[Lang & Schwarz Aktiengesellschaft is offering for sale subject to change from [•] to [•] [•-][open-ended][certificates] on [•] at the initial issue price. The initial issue price for the [relevant] ISIN is specified in the table below.]

[Lang & Schwarz Aktiengesellschaft is offering for sale in the subscription period from [•] to [•] [•-][open-ended][certificates] relating to [•] at the initial issue price of [•].

The Issuer reserves the right to end the subscription period early. Trading may [not] be initiated before the notification procedure. After the subscription period, the [•-][open-ended][certificates] will continue to be offered by the Issuer for purchase. The sale price will then be determined on an ongoing basis.

The issue volume, which will be calculated based on demand arising during the subscription period [and the Ratio], [will be] determined under normal market conditions by the Issuer at its equitable discretion (§ 315 of the German Civil Code) on the issue date and published immediately thereafter.]

[Investors may normally purchase these [•-][open-ended][certificates] at a fixed price. The fixed price includes all costs of the Issuer associated with the issue (e.g. structuring costs and hedging costs, including an earnings margin for the Issuer and/or the provider).]

ISIN	Initial Issue Price in [currency]
•	•

Distribution fee

[There is no distribution fee.] [From the sale of the certificates, the selling Bank will receive as a distribution fee, which is contained in the issue price, up to [percentage]% of the issue price.]

Admission to trading

[The certificates are to be included in trading [tentatively in temporal relation to the value date] [on •] on [the following stock exchange] [the following stock exchanges]:

[- open market of the Stuttgart Stock Exchange in Baden-Württemberg ([inside][outside] the EUWAX market segment)]

[- [Stock Exchange (open market)]]

[No initial listing on the stock exchange is foreseen for the certificates.]

Smallest tradeable and transferrable unit

[•] certificate[s]

Value date

[•]

Information on the underlying asset

The underlying asset relates to [indices].

[Index: *[Name of Index]*]

[In the event of indices not composed by the Issuer: note on where information about the index can be obtained.]

]

Information on past and future performance of the underlying asset and its volatility (as defined in the Product Terms and Conditions) is published on a website which is accessible to the general public. The information can currently be retrieved at [www.onvista.de] [website].

Product Terms and Conditions

[for the continuation of the public offer:][to increase the issue volume of previously issued securities:]

[Product Terms and Conditions on pages 164 to 171 in the Base Prospectus of 16 June 2014 on derivative products (published on the website at www.ls-tc.de)]

[Product Terms and Conditions on pages 169 to 176 in the Base Prospectus of 11 December 2013 on derivative products (published on the website at www.ls-tc.de)]

•¹

¹ Include here Product Terms and Conditions as contained in the section "Product Terms and Conditions" of the Base Prospectus and completed in full for the issue.

Annex to the Final Terms (Issue-Specific Summary)

•²

² Include here issue-specific summary as contained in the summary of the Base Prospectus and completed in full for the issue.

Lang & Schwarz Aktiengesellschaft

Business history and performance

The Company goes back to Lang & Schwarz Börsenmakler GmbH, which was formed by shareholders' agreement on 19 January 1996 and entered on 14 February 1996 into the Commercial Register of the Local Court of Düsseldorf under Commercial Register No. B 33072. On 6 August 1998 (entry in the Commercial Register), the Company was transformed from Lang & Schwarz Börsenmakler GmbH into Lang & Schwarz Wertpapierhandel AG by way of a change in form. By resolution of the shareholders in general meeting on 30 August 2006, the corporate name was changed to "Lang & Schwarz Wertpapierhandelsbank AG." By resolution of the shareholders in general meeting on 31 August 2011, the corporate name was changed to "Lang & Schwarz Aktiengesellschaft." It is entered under Commercial Register No. B 36 259 into the Commercial Register of the Local Court of Düsseldorf. Commercially, the Company also appears under the name "Lang & Schwarz."

The Company has its registered office in Düsseldorf. The German legal system is the authoritative legal system for the Company. There are no branch offices. The Company is not represented abroad, even not via subsidiaries.

The Company's address is Breite Str. 34, 40213 Düsseldorf. The Company's phone number is +49 (0)211-13840-0. As a German joint stock corporation (*Aktiengesellschaft*), Lang & Schwarz is subject to the legal system of the Federal Republic of Germany, particularly to German corporate law. The Company has been established for an indefinite period of time.

Main areas of activity

The Company conducts proprietary trading and proprietary business in financial instruments that are not subject to licensing and is admitted to trading on the Frankfurt and Stuttgart Stock Exchanges. The Company is also admitted to trading in Xetra and to participating in EUREX trading as a Non-Clearing Member and has access to the key international trading places.

Within the framework of this activity, the Company issues leverage and investment products on equities, indices, currencies, interest rate futures, commodities and funds (derivative products).

Pursuant to § 3 of its Articles of Association, the corporate purpose consists in:

"1. The corporate purpose of the Company shall consist in:

- a) the development and issue of new financial instruments;
- b) the acquisition and sale of financial instruments in its own name and for its own account;

and all measures suited to promote the corporate purpose.

2. The corporate purpose furthermore consists in the ownership and management of enterprises dedicated to the following corporate purposes:

- a) the conduct of the following banking transactions:
 - aa) the acquisition and sale of financial instruments in their own name and for third-party account (financial brokerage business);

bb) the assumption of financial instruments under their own risk for placement purposes or the assumption of equivalent guarantees (issue business);

b) the provision of the following financial services:

- aa) the brokerage of transactions about the acquisition and sale of financial instruments or the documentation thereof (investment brokerage);
- bb) the issuance of personal recommendations to customers or their representatives relating to transactions with specific financial instruments, insofar as the recommendation is based on a review of the personal circumstances of the investor or is portrayed as being suitable for the investor and is not exclusively provided via information processing channels or for the public (investment advice);
- cc) the placement of financial instruments without any fixed acquisition obligation (placement business);
- dd) the acquisition and sale of financial instruments in the name and for the account of third parties (acquisition brokerage);
- ee) the continuous offer to purchase or sell financial instruments on an organized market or a multilateral trading system at self-set prices; frequent, organized and systematic trading for their own account off an organized market or multilateral trading system in which a third party is provided a common system to carry out transactions with them; or the acquisition or sale of financial instruments for their own account as a service for others (proprietary trading);
- ff) the acquisition and sale of financial instruments for a community of investors, with decision-making leeway in the selection of financial instruments, provided this is a focus of the offered product and occurs because the investors partake in the performance of the financial instruments acquired (investment management);

c) the acquisition and sale of financial instruments in its own name and for its own account;

and all measures that appear suited to serve these purposes.

3. The Company may conduct the transactions described in Paragraph 1 in whole or in part through subsidiaries.

The Company shall be entitled to form, lease, acquire or take direct or indirect shares in the same or similar enterprises and may establish branch offices in Germany and abroad.

4. The corporate purpose of the Company further consists in the formation of other enterprises with any corporate purpose, the acquisition of such enterprises and participation therein, provided these measures are pursued in order to promote the listing on the stock exchange of the relevant enterprises or their position on the M&A market. Investments for the aforementioned purpose may be made in any amount."

The Company employs as of the date of this Prospectus a total of 22 employees, including a Management Board.

Key markets

The business activity of Lang & Schwarz Aktiengesellschaft is largely focused on the German market.

Selected financial information

Financial figures as of 31 December 2013

The following business and financial data are to be read in conjunction with the annual and consolidated financial statements reprinted in the financial section, which were audited by Dohm Schmidt Janka Revision und Treuhand AG Wirtschaftsprüfungsgesellschaft, Berlin, and furnished with an unqualified auditor's opinion. The financial statements are represented in the financial section of this Prospectus (from p. 116).

The following data from the balance sheet, income statement and cash-flow statement for financial year 2012 and 2013 were taken from the consolidated financial statements for financial year 2013 prepared in accordance with the principles of the German Commercial Code (*Handelsgesetzbuch; HGB*).

in TEUR	1 January 2012 – 31 December 2012	1 January 2013 – 31 December 2013
Consolidated income statement		
Revenue	125,347	122,654
Cost of materials	-115,825	-110,101
Personnel expenses	-3,947	-5,078
Other operating expenses	-4,435	-3,694
Consolidated net loss (income)	-186	994

in TEUR	31 December 2012	31 December 2013
Consolidated balance sheet		
Securities	32,264	87,428
Cash on hand and in banks	11,800	36,890
Liabilities due to banks	5,556	31,722
Other liabilities	17,395	69,177
Shareholders' equity	22,020	23,376
Total assets	46,855	127,906

in TEUR	1 January 2012 – 31 December 2012	1 January 2013 – 31 December 2013
Consolidated Cash-flow statement		
Cash flow from current business activity	-13,759	-1,012
Cash flow from investment activity	-336	-425
Cash flow from financing activity	-3,807	362
Cash and cash equivalents at end of period	6,078	5,003

Financial figures as of 30 June 2014

The following business and financial data are to be read in conjunction with the consolidated semi-annual financial statements reprinted in the financial section. The semi-annual financial statements are reprinted in the financial section of this Prospectus (from p.116).

The following data present the balance sheet and income statement of the Lang & Schwarz Group in summarized form and were taken from the unaudited consolidated semi-annual financial statements for the period from 1 January to 30 June 2014.

in TEUR	1 January 2013 – 30 June 2013	1 January 2014 – 30 June 2014
Consolidated income statement		

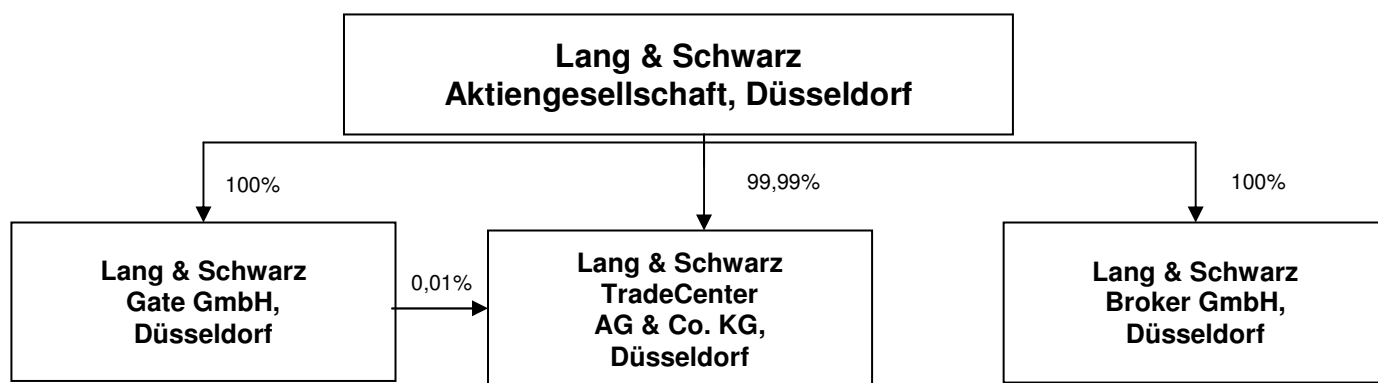
Revenue	50,712	91,999
Cost of materials	-44,333	-81,520
Personnel expenses	-2,366	-3,608
Other operating expenses	-2,316	-2,270
Consolidated net loss (income)	154	2,444

in TEUR	31 December 2013	30 June 2014
Consolidated balance sheet		
Securities	87,428	146,426
Cash on hand and in banks	36,890	15,832
Liabilities due to banks	31,722	30,144
Other liabilities	69,177	123,868
Shareholders' equity	23,376	25,820
Total assets	127,906	184,882

Structure of the Lang & Schwarz Group

Lang & Schwarz Aktiengesellschaft is parent company of Lang & Schwarz Gate GmbH, Lang & Schwarz TradeCenter AG & Co. KG and Lang & Schwarz Broker GmbH.

Lang & Schwarz Aktiengesellschaft issues warrants and certificates and acts as the operative Group holding company with three wholly-owned Group companies. The focus of Lang & Schwarz TradeCenter AG & Co. KG is securities trading on and off the exchange. In addition to classical brokerage business, Lang & Schwarz Broker GmbH offers services for stock trading, advice and support in Going & Being Public and is active in designated sponsoring. As an IT service provider, Lang & Schwarz Gate GmbH is active *inter alia* for the Lang & Schwarz Group.



Lang & Schwarz Gate GmbH holds in trust 0.01% in Lang & Schwarz TradeCenter AG & Co. KG for Lang & Schwarz Aktiengesellschaft.

Corporate bodies

Management Board

The Management Board of Lang & Schwarz Aktiengesellschaft, which must consist of at least two members pursuant to the Articles of Association, currently consists of:

André Bütow, Commercial Graduate, Düsseldorf

Divisions: TradeCenter equities (market making in equities, funds and fixed-income instruments and products issued by Lang & Schwarz Aktiengesellschaft in Lang & Schwarz TradeCenter AG & Co. KG), issue of proprietary products, personnel and IT (Lang & Schwarz Gate GmbH)

Peter Zahn, Graduated Industrial Engineer, Düsseldorf

Divisions: client trading, designated sponsoring, issue business (all in Lang & Schwarz Broker GmbH), organization, investments, invoicing and (risk) controlling

The Management Board members are entitled based on the resolutions of the Supervisory Board to always represent the Company alone and are released from the restrictions in § 181 of the German Civil Code (prohibition on self-dealing), except as opposed by § 112 of the German Stock Corporation Act. Each Management Board member is entitled to represent the Company unrestrictedly in the legal transactions with himself or simultaneously as a representative of a third party, unless another Management Board member is concerned.

Management Board members may exercise managerial and supervisory board functions in subsidiaries and third companies.

Mr. André Bütow is a supervisory board member of vwd TransactionSolutions AG, Frankfurt am Main, and managing director of Lang & Schwarz Gate GmbH, Düsseldorf, and of Lang & Schwarz Broker GmbH, Düsseldorf.

Mr. Peter Zahn is a supervisory board member of Backbone Technology AG, Hamburg, and of PAN AMP AG, Hamburg, and managing director of Lang & Schwarz Gate GmbH, Düsseldorf, and of Lang & Schwarz Broker GmbH, Düsseldorf.

There are no potential conflicts of interest for the members of the Management Board between their obligation to the Company and their private interests or other obligations.

Supervisory Board

The Supervisory Board must consist according to the Articles of Association of three members who are to be selected by the shareholders in general meeting. The following persons currently belong to the Supervisory Board:

Michael Schwartzkopff, Chairman, lawyer, Cologne

Andreas Willius, Vice Chairman, business consultant, Frankfurt

Thomas Schult, banker, Hamburg

Stefan Haas, businessman, Düsseldorf, was elected as an alternate for each Supervisory Board member.

The Management and Supervisory Board members can be reached via the Company's business address.

Except for the transactions and legal relations described below, no potential conflicts of interest exist on the part of the Supervisory Board members between their obligation to the Company and their private interests or other obligations:

Thomas Schult is a general agent of M.M.Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien. M.M.Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien holds a share in the capital stock of the Company and performs designated sponsor services for the Company. The conditions correspond to standard market conditions.

The law firm LegerlotzLaschet Rechtsanwälte, Cologne, in which Supervisory Board member Michael Schwartzkopff is a partner, provides legal advisory services for the Company. The conditions correspond to standard market conditions.

General shareholders' meetings

General shareholders' meetings take place within the first 8 months of the financial year at the registered office of the Company (Düsseldorf). The shareholders in general meeting resolve on all matters assigned to them by operation of law or the Articles of Association. Every no-par-value share grants the holder one vote. Unless mandatorily required by provisions of law or the Articles of Association, resolutions of the shareholders in general meeting are adopted by simple majority of the votes cast.

Corporate governance

The Governmental Commission for a German Corporate Governance Code implemented by the Federal Minister of Justice in September 2001 adopted the German Corporate Governance Code on 26 February 2002 and most recently approved amendments of the Code on 13 May 2013. The Code makes recommendations and suggestions for the management and supervision of German publicly-traded companies.

The management and supervisory boards of publicly-traded companies are obliged pursuant to § 161 of the German Stock Corporation Act to declare each year either that the recommendations of the Code have been or will be met or which recommendations are not or will not be used.

Since 30 December 2009, the share of Lang & Schwarz Aktiengesellschaft is no longer listed on any Regulated Market but is listed in the Entry Standard segment. Because inclusion of shares in the Entry Standard segment is not qualified as a share listing within the meaning of § 3(2) of the German Stock Corporation Act, no obligation exists any longer to issue a corresponding declaration in accordance with § 161 of the German Stock Corporation Act.

The Company therefore does not following the recommendations of the German Corporate Governance Code. A declaration in accordance with § 161 of the German Stock Corporation Act has no longer been issued since financial year 2010 nor will be issued any longer in the future.

Capital stock

Lang & Schwarz Aktiengesellschaft possesses a capital stock of EUR 9,438,000.00, which is divided into 3,146,000 no-par-value shares with an imputed value in the capital stock of EUR 3.00 each. The shares are registered shares and have been fully paid in.

Shareholders

As far as is known to the Company no shareholder holds more than one-quarter of the shares of Lang & Schwarz Aktiengesellschaft.

Auditor

Dohm Schmidt Janka Revision und Treuhand AG Wirtschaftsprüfungsgesellschaft, Fasanenstraße 77, 10623 Berlin, has been appointed as auditor of the Company's financial statements for financial year 2014.

The auditor audited the annual financial statements of the Company prepared in accordance with German law (HGB) as of 31 December 2013 and the consolidated financial statements as of 31 December 2012 (HGB) and 2013 (HGB) and furnished them with the unqualified auditor's opinions contained in this Prospectus. Dohm Schmidt Janka Revision und Treuhand AG Wirtschaftsprüfungsgesellschaft is a member of the Institute of Public Auditors in Germany (IDW).

Trends / declaration on significant changes in the liquidity situation or trading positions / declaration on the prospects of the Issuer

No significant changes have occurred in the financial or trading position of the Lang & Schwarz Group since 30. June 2014 the last date when either audited financial information or interim financial information have been published.

Since 31 December 2013, no material adverse changes have occurred in the prospects of the Issuer.

Litigation

Currently there is no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Lang & Schwarz Aktiengesellschaft and/or the Lang & Schwarz Group's financial position or profitability.

Glossary

Underlying asset	The financial instrument underlying a derivative instrument. Common underlying assets include equities, currencies, bonds, indices, equities baskets, interest rates and commodities (e.g. precious metals or crude oil), and futures contracts.
Open-ended certificates	Certificates without a defined term, which have a notionally unlimited term. However, the issuer of an open-ended certificate has the right to terminate the certificate on certain dates in observance of defined notice periods.
Futures contract	Futures contract standardized in terms of the quantity, quality and delivery date. A counterparty agrees to deliver a defined quantity (e.g. of a financial security) at a fixed price on a specific date in a defined quality to a specific location. The other party agrees to accept the delivery. A distinction is made between financial futures and commodity futures. The contracts are traded on futures exchanges, such as the Eurex.
Quote	The ask and bid prices continuously provided for derivative financial products are called "quotes."
Xetra®	The Xetra® is an electronic trading system of Deutsche Börse AG for the spot market.

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Annual Financial Statements as of 31 December 2013 (HGB)

Lang & Schwarz Aktiengesellschaft, Düsseldorf

Management Report for Financial Year 2013

1 Business Activities

The issue of derivative financial instruments with a focus on leverage products constitutes the main activity of Lang & Schwarz Aktiengesellschaft as an operative holding company of three further Group companies. In total, Lang & Schwarz Aktiengesellschaft issued over 28,000 of its own products in 2013.

The different products of Lang & Schwarz Aktiengesellschaft are offered through the subsidiary Lang & Schwarz TradeCenter AG & Co. KG for trade on the EUWAX or off the exchange. As of the 31 December 2013, Lang & Schwarz TradeCenter AG & Co. KG listed nearly 8,000 derivative financial instruments of Lang & Schwarz Aktiengesellschaft with a nexus to domestic and foreign stocks, indices, exchange rate relations, commodity prices or interest rates. Lang & Schwarz TradeCenter AG & Co. KG moreover provides trading prices for approx. 5,500 different stocks, funds, ETFs, ETCs and ETNs (ETPs) as well as various bonds. This transpires every weekday from 7:30 a.m. to 11:00 p.m. and Saturdays from 10:00 a.m. to 1:00 p.m. and Sundays from 5:00 p.m. to 7:00 p.m. Via its partner banks, Lang & Schwarz TradeCenter AG & Co. KG reaches over 10 million private customers.

The wholly-owned subsidiary Lang & Schwarz Broker GmbH is a special bank dedicated to trade in securities and other financial instruments. In addition to classic brokerage business, the bank also provides advice and service when going and being public, including IPO and corporate finance consulting. The service range of this division moreover includes order execution and the performance of stock trading services and the conduct of stock repurchase programs for publicly-traded companies. As a designated sponsor, Lang & Schwarz Broker GmbH also provides binding ask and bid prices on the XETRA electronic trading platform.

Lang & Schwarz Gate GmbH performs IT-related services largely for the Group companies.

2 Economy

2.1 *Economic Framework Conditions*

Calendar year 2013 was again characterized by moderate economic growth. After a long boom phase, economic performances in developed nations showed first signs of a slowdown. The developed industrial nations experienced a small renaissance, above all the U.S. economy, which appeared driven by the expansive monetary policy of the Federal Reserve and the resurgence of U.S. industry based on new energy production technologies. The Japanese economy also managed to display growth in GDP that exceeded expectations with the very relaxed monetary and fiscal policy of propagated by Prime Minister Shinzô Abe. China still remained a country with above-average growth. The forecast increase of 7.5% for 2013 was below the average rates of increase in recent years. This was one reason for the overall slowdown in global economic growth in 2013. The International Monetary Fund (IMF) assumes for 2013 an increase in gross world product of 2.9%, after 3.2% in 2012. For 2014 the IMF's outlook is again positive, with estimated growth of 3.6% for gross world product.¹

The eurozone is still battling the consequences of the debt crisis and its effects on the banking sector. In Cyprus, private bank creditors were forced for the first time by way of compulsory charges to share in the effects of the banking crisis. Irrespective of the negative development in Cyprus, the effects of the European sovereign debt crisis clearly abated in 2013. One sign of this was the declining bond yields in the southern European countries. In December 2013, Ireland became the first previously crisis-ridden state to leave the euro rescue package again and return as a sovereign issuer to the capital markets.

Despite these positive signals, the real economic situation in southern Europe is still tense, causing the European Central Bank (ECB) to reduce lead interest rates further. In November 2013, the lead rate was reduced to a record low of 0.25%. At the same time, it was announced that the interest rates would remain at a low level and that further monetary policy measures could be necessary. One argument for these perspectives is held to be the low current inflation rate in the euro area of 0.7%.

The global economic situation has tended to improve in relation to the financial and sovereign debt crises in the year just ended. The financial markets have profited from this. Nevertheless, it still appears too early to assume that no more risks exist from these crises. The in part deep structural change in some states that were particularly affected by the crises is still not to be viewed as over. Therefore, the fragile financial circumstances will have to be observed, initiated measures monitored and stabilizing crisis management solutions adopted and implemented. The perspectives for the European, particularly the German, economic zone are more than stable. The increased domestic demand is giving impetus to the trade balance and sustained growth in Germany. This will likely also make for positive growth on the labor market.

2.2 *Framework Conditions for Business Activity in 2013*

The global "flood of money" from central banks in conjunction with low interest rates have led in market year 2013 to sharp gains on the equities markets. The U.S. market continued the now five-year-old bull market with an increase in the S&P500 of 29.6%, the Dow Jones increasing by 26.5%. Shaken by the "bubble economy" since the start of the 1990s, the Japanese market was able to increase sharply, the Nikkei225 rising by 56.7% over the previous year.

¹ According to the International Monetary Fund (IMF), October 2013

Prices increased sharply in Europe as well. With a stately rate of increase of 17.9%, the EuroStoxx 50 is bottom of the league. The small caps market (SDAX) increased by 29.3%. The mid caps market (MDAX) even exceeded this with an increase of 39.1%, after previously gaining 33.9% the year before. The DAX too continued its upward trend in 2013, hitting, though not closing at, a new all-time high on the final trading day of 2013 at 9,594.16 points. The DAX closed at 9,552.16 points, thus achieving an annual performance of 25.5%. Despite these developments, turnover on the stock exchanges decreased slightly or stagnated overall in 2013 compared to the previous year. The spot markets of the German stock exchanges had total trading volumes of EUR 1.160 trillion in 2012,² and only EUR 1.158 trillion in 2013.

For investors who had expected a further increase in the price of gold in 2013 it was not such a positive year. At a year-end price of around USD 1,200 per ounce, the "crisis metal" was cheaper than it had been in many years, dropping approximately 30% from the end of the previous year. The price for Brent grade crude oil stagnated at nearly USD 111 per barrel.

Despite the positive mood on the equities market, the market for new issues was difficult in Germany. Though large companies joined the exchanges with Kion Group AG, LEG Immobilien AG, Evonik Industries AG and RTL Group AG, they sometimes had to accept reductions in issue volumes or the issue price in order to conclude the placements. Of the newcomers to the exchange, RTL Group AG performed the best with an over 50% price increase since its initial listing in April 2013. However, this was merely a "relisting" of the company which formerly listed in Luxembourg, followed by a placement by the majority shareholder. Evonik Industries AG could not find sufficient potential buyers for its classical IPO. It then therefore opted for a an "IPO light" at a much lower volume. Other potential candidates, such as Constantia Flexible AG and Grohe AG, opted to postpone their IPOs or to undertake sales directly to private investors.

² According to Deutsche Börse AG

In contrast to Germany, the U.S. market had an IPO boom with 222 new issues. The IPO of Twitter Inc. drew particular attention, with initial subscribers procuring a return of over 50% since November 2013. The largest IPO, however, was undertaken by the hotel chain Hilton Worldwide Holdings Inc. in December 2013. With Voxeljet AG, a German company was able to provide from both the IPO and 3D printing euphoria in the U.S. with a listing on the New York Stock Exchange.

2.3 *Business Performance in 2013*

The number of products issued by Lang & Schwarz Aktiengesellschaft decreased in financial year 2013 from the previous year. This was attributable to the internal adaptation process leading to a reduction in the issue of products with minor exercise price differences. This helped to cut issue-related costs. The range of attractive products of Lang & Schwarz Aktiengesellschaft was not diminished as a result. To the contrary, with the initial issue of warrants on Bund futures, we further expanded with range in 2013.

According to EUWAX AG, the total value of all customer orders executed on the EUWAX decreased from EUR 29,508 million in 2012 to EUR 27,771 million in 2013, corresponding to a drop of approx. 6%. Customer orders in products of Lang & Schwarz Aktiengesellschaft were executed in a volume of EUR 144 million in 2013, up around 19% from the previous year against this trend. The number of executed customer orders on the EUWAX stagnated at around 2.8 million, while the number of customer orders executed for products of Lang & Schwarz Aktiengesellschaft climbed around 15% to 40,371 orders. Lang & Schwarz Aktiengesellschaft was thus able to draw positive attention to itself on the derivative instruments market.

Also contributing to this success was the performance of the wikifolio Index certificate issued by Lang & Schwarz Aktiengesellschaft after being developed in collaboration with wikifolio Financial Technologies GmbH. Based on this innovative investment product, Lang & Schwarz Aktiengesellschaft ranked 7th among 26 issuers (previous year: No. 16) in the class of index and participation certificates according to the EUWAX annual report for financial year 2013 by volume of executed customer orders. In terms of the number of executed customer orders, Lang & Schwarz Aktiengesellschaft was even able to advance to No. 4 (previous year: No. 12), now behind the issuers Commerzbank AG (No. 1), Deutsche Bank AG (No. 2) and Royal Bank of Scotland plc (No. 3).

In financial year 2013, a total of approx. 660 wikifolio Index certificates were issued. On the final day of 2013, a total of nearly 800 different wikifolio Index certificates were up for sale through Lang & Schwarz Aktiengesellschaft. As of 31 December 2013, investors had already invested more than EUR 50 million in these products, with an upward trend as of the start of the year.

Certain ratios and individual variables are critical for the company's performance. These are called key performance indicators (financial and non-financial). As key figures of the enterprise, they are observed, calculated and related to other values or developments. The following overview presents the key performance indicators for Lang & Schwarz Aktiengesellschaft:

		2013	2012
Result from trading activity ³	TEUR	7,524	6,107
Administrative expenses ⁴	TEUR	6,236	5,584
Earnings before taxes	TEUR	1,962	1,543
Liabilities from sold own derivative products	TEUR	69,064	16,119
Issues in the financial year	Number	28,154	36,479
Shareholders' equity on the balance sheet	TEUR	23,156	21,673
Full-time employees	Number	16	16
- Additions in reporting year	Number	0	0
- Departures in reporting year	Number	0	0

The result from trading activity reflects the earnings performance from operating activity. It is reported internally as a daily, monthly, quarterly and annual figure for the company and the Group. Together with the administrative expenses as the largest block of fixed costs and the earnings before taxes, these figures represent the key financial performance indicators for Lang & Schwarz Aktiengesellschaft. Contingent on the result from trading activity and earnings before taxes, changes in administrative expenses can arise through the compensation system within the corporate group of Lang & Schwarz Aktiengesellschaft. Reference is made at this point to the section of this management report on compensation.

Liabilities from sold own derivative products reflect the status of the own products in circulation in euro. As an indicator, this figure can reflect the propensity of investors to acquire products of Lang & Schwarz Aktiengesellschaft. However, the amount is subject to natural fluctuation that can be caused by products not always being reissued to the same degree at all times, as their terms expire or they lapse due to market changes. It is therefore not possible to make a direct derivation from the change in the amount. Deeper internal analyses are thus made for this purpose. The number of products issued in the financial year is integrated. As a result of the change in issuing behavior described under Item 2.3 (Business Performance in 2013), this figure declined from the previous year.

As a liability figure, the shareholders' equity on the balance sheet represents a key indicator, the development of which is also of crucial significance for shareholders of Lang & Schwarz Aktiengesellschaft.

The employees of Lang & Schwarz Aktiengesellschaft represent a significant factor for sustained success and the continuous further development of Lang & Schwarz Aktiengesellschaft. Well trained employees are the basis for success-oriented, efficient and process-oriented work in normally very rapid trades and their smooth processing and ongoing risk-oriented monitoring. High fluctuation can work against sustained success. This is therefore measured and reported internally.

2.3.1 Earnings Situation

Financial year 2013 was an exciting year, which set the direction for the future of Lang & Schwarz Aktiengesellschaft in many ways. Even if most of these measures will have to prove themselves in the future, they have nevertheless shown an initial effect in the annual financial statements as of 31

³ Total from revenue, cost of materials, interest and write-offs on marketable securities

⁴ Personnel expenses plus other operating expenses

December 2013. Gross profit from trading activity, which consists of revenue, the cost of materials, write-offs of marketable securities and the interest result, increased by TEUR 1,417 or 23% from TEUR 6,107 to TEUR 7,524.

Other operating income decreased by TEUR 669 to TEUR 344. This was attributable in particular to the reduced income from the reversal of provisions and accrued liabilities, which decreased from TEUR 720 in the previous year to TEUR 217 in 2013. Personnel expenses increased over the previous year as a whole by TEUR 1,003 to TEUR 3,013, essentially due to the consideration of variable salary components for employees. Other operating expenses could be reduced by 10% or TEUR 352 and amount to TEUR 3,223 after TEUR 3,575 in the previous year. Fees related to issue activity were able to be reduced by TEUR 441.

The result from ordinary operations of TEUR 1,962 was an improvement of the previous year of TEUR 418 or 27%. Taxes on income increased disproportionately from TEUR 377 in the previous year to TEUR 859 for financial year 2013. This was essentially due to the consideration of tax expense from the ongoing field audit for the assessment periods from 2008 to 2010 in the amount of TEUR 154.

As a whole, net income of TEUR 1,121 was earned in financial year 2013 after TEUR 1,164 the year before.

2.3.2 Liquidity Situation

The liquidity of Lang & Schwarz Aktiengesellschaft was sufficient at all times in the financial year just closed, warranting solvency at all times. As of the close of the year, short-term accounts receivable, other securities and liquid assets among current assets of TEUR 103,080 (previous year: TEUR 37,761) were offset by short-term liabilities and provisions and accrued liabilities of TEUR 88,376 (previous year: TEUR 22,530). Financial instruments of a short-term nature based on their fungibility are included in short-term liabilities despite their long residual terms in accordance with the internal controlling. This also applies to the warrants and certificates issued by Lang & Schwarz Aktiengesellschaft. On this basis, net cash and cash equivalents of TEUR 14,704 (previous year: TEUR 15,231) arise on the balance sheet.

Beyond the current equity resources of Lang & Schwarz Aktiengesellschaft in of TEUR 23,156 (previous year: TEUR 21,673), Lang & Schwarz Aktiengesellschaft has sufficient resources available to finance its business activity even after financial year 2013 based on current agreements with the company bank HSBC Trinkaus & Burkhardt AG.

2.3.3 Asset Situation

Total assets of Lang & Schwarz Aktiengesellschaft sharply increased over the previous year from TEUR 44,203 by TEUR 67,329 to TEUR 111,532. In particular, the securities trading portfolio increased as is evident from the overview below:

Balance Sheet Items and Products	Amounts Disclosed on Balance Sheet		
	2013 TEUR	2012 TEUR	Change TEUR
Other assets			
- Options	921	594	+327
Other securities			
- Equities, funds, ETPs, warrants and certificates	79,983	28,430	+51,553
- Fixed-income securities	1,471	145	+1,326
Total trading portfolios (assets)	82,375	29,169	+53,206

Liabilities due to banks			
- Sold equities, funds and ETPs	1,991	1,076	+915
Other liabilities			
- Options	0	524	-524
- Sold own warrants and certificates	69,064	16,119	+52,945
Total trading portfolios (liabilities)	71,055	17,719	+51,336

The increase in the securities trading portfolios relates to the expansion of the business activity in index certificates of Lang & Schwarz Aktiengesellschaft, particularly in wikifolio Index certificates. This is evident in the balance sheet item "other liabilities," under which the sold own warrants and certificates of Lang & Schwarz Aktiengesellschaft are disclosed. Compared to the amount disclosed in the previous year of TEUR 16,119, the portfolio of sold own warrants and certificates increased by TEUR 52,945. With nearly 800 different wikifolio index certificates, the number of products offered for sale in 2013 increased sharply. Correspondingly, other securities on the assets side of the balance sheet increased by TEUR 52,880. The balance sheet item "other securities" discloses the securities portfolios acquired to secure the sold wikifolio certificates.

Moreover, current credit balances within the balance sheet item "cash on hand and in banks" increased by a total of TEUR 15,416 to 17,484 as a result of trading activity. At the same time, liabilities due to banks increased by TEUR 12,903 to TEUR 16,762. The credit balances and liabilities on current account essentially relate to the company bank, HSBC Trinkaus & Burkhardt AG.

Through capital measures at the subsidiaries Lang & Schwarz Broker GmbH and Lang & Schwarz TradeCenter AG & Co. KG, shares in affiliated companies increased by a total of TEUR 1,800.

Despite the fact that shareholders' equity increased by TEUR 1,483 to TEUR 23,156, the equity ratio decreased to 21% as a result of the expanded total assets. Shareholders' equity increased due to the results from financial year 2013 and the results from trading in own shares.

The performance indicators developed positively in financial year 2013, having a favorable effect on the earnings, liquidity and financial situation as a whole. The financial, liquidity and earnings situation of Lang & Schwarz Aktiengesellschaft is orderly as a whole.

3 Compensation

The remuneration of the employees within the corporate group of Lang & Schwarz Aktiengesellschaft and the financial holding group is treated uniformly, taking into account the provisions of the Ordinance on Supervisory Requirements for the Compensation Systems of Institutes (*Institutsvergütungsverordnung - InstitutsVergV*). Compliance with the legal regulations is reviewed annually by the Management Board, the Supervisory Board and our independent auditors during the audits of the annual financial statements.

The Management Board of Lang & Schwarz Aktiengesellschaft is responsible for designing the employee compensation system. In addition to fixed monthly remuneration, a variable component can be established by management to provide positive performance incentives. The payment of variable remuneration is voluntary, does not establish a legal claim on the part of the employees, and is generally linked to positive results from the predefined business segment, division or corporate group. When calculating the individual remuneration, quantitative and qualitative criteria are taken into account, such as the quality of the performance, the demand for the activity, the position within the enterprise, the years of affiliation with the enterprise and the assumption of special tasks. The compensation system for the Management Board is designed by the Supervisory Board of Lang & Schwarz Aktiengesellschaft. The same provisions generally apply to the Management Board. However, variable remuneration is calculated in accordance with bases of calculation that are agreed in writing.

4 Report on Events after the Balance Sheet Date

There were no events after the balance sheet date that could have an impact on the earnings, liquidity or financial situation of Lang & Schwarz Aktiengesellschaft that are subject to reporting.

5 Risks

5.1 Risk Management

In its business segment, Lang & Schwarz Aktiengesellschaft undertakes trades in financial instruments that are normally held in its own portfolio for short periods of time. These securities portfolios are hedged through counter-portfolios of the same type or through dynamic delta hedging. Dealing with risks, such as potential losses or lost profit, forms part of the general controlling by management for the corporate group of Lang & Schwarz Aktiengesellschaft as a whole. For this reason, prompt risk management is established as an early risk detection and controlling instrument with the involvement of all Group companies. The framework conditions for trading in financial instruments and the risk management system are formulated by management for the entire corporate group in the form of guidelines and work instructions (organizational instructions). The business and risk strategy anchored in the framework conditions is reviewed by management each year and establishes the type and scope of potential risk transactions in the individual Group business segments. Early detection, valuation, controlling and monitoring of risks are undertaken directly by management, with the support of Risk Controlling and Internal Auditing throughout the Group.

5.2 Types of Risks Associated with Business Activity

Key risks from the business activity have been identified as follows: default risk, market price risk, liquidity risk and operational risk.

5.2.1 Default Risk

Default Risk is the risk that a contractual partner will not pay or will not pay on time or that the company will be obliged to render a performance to a contractual partner despite the non-performance of a third party. Default risk is divided into three sub-risks: credit risk, counterparty risk and issuer risk.

Credit risks relate to derivative and off-balance-sheet risks that are monitored through risk controlling of trades.

Of lesser significance are counterparty risks, which include the risks of the default or deterioration of the credit rating of a counterparty, because nearly all trades can be settled consecutively to performance.

As the risk of the default or deterioration in the credit rating of the issuer, issuer risk is countered through risk management of trades. Derivative and off-balance-sheet risks are monitored within the framework of market price risks. Moreover, potential risk concentrations are calculated and mitigated through analogous application of supervisory regulations.

To the extent the trading business is not affected, default risk is quantified based on the average losses from past periods.

5.2.2 Market Price Risk

Market price risks are general price changes in stocks, bonds, currencies and commodities through market movements. Market price risks include price risks, risks associated with interest rate changes, currency risks and market price risks from commodity transactions. Prices risks are defined as both risks from short-term market price fluctuations and liquidity risks based on the restricted tradeability of securities due to low trading volumes ("narrow-market" securities).

- **Price risk from short-term market price fluctuations**

Risks from short-term market price fluctuations or fluctuations of implicit volatility are calculated through a prompt risk controlling system. In order to limit risky portfolios, compliance with the trading limits prescribed by management is continuously monitored.

- **Price risk through liquidity shortages**

Liquidity risks in financial instruments are countered through the conscientious selection of the financial instruments traded by the company. Risks are calculated both analogous to the risks from short-term market fluctuations and as price risks in the form of delayed liquidation possibilities that can arise from the deficit liquidity of products. These risks are taken into account within the framework of liquidity risks.

- **Risk of interest rate changes in the trading business**

Interest rate changes from the trading business exist for the enterprise with interest-rate products. Such risks are limited through organizational instructions and promptly calculated and monitored by Risk Controlling.

- **Currency risk in the trading business**

Because Lang & Schwarz Aktiengesellschaft issues turbo-certificates on the development of exchange rates, currency risks can generally also exist from the trading business. These are limited through organizational instructions and promptly monitored by Risk Controlling.

All market price risks are monitored by trading independently based on portfolio and market price calculations and scenario analyses. Any limits overstepped in the course of the trading day are reported by Risk Controlling according to the guidelines and work instructions. Management moreover receives a daily report about the compliance with the trading limits at the end of each trading day. Stress tests scenarios simulate sharp fluctuations of price indicators and calculate potential effects on the results of the trading portfolio. Market price risks are calculated for the analysis of risk bearing capacity based on prescribed scenario models. The worst case results from the scenario matrix are used for the analysis of risk bearing capacity.

5.2.3 Liquidity Risks

Liquidity risks affecting the availability of liquid assets cannot be generally excluded for Lang & Schwarz Aktiengesellschaft. Based on the financial resources of Lang & Schwarz Aktiengesellschaft, such risks are viewed as minor. Nevertheless, the liquidity situation is monitored daily in an adequate fashion through internal procedures. Liquidity risks within the framework of the analysis of risk bearing capacity are taken into account by calculating an interest-rate shock. Interest expenses from preceding settlement periods form the basis for calculating interest-rate-shock scenarios.

The potential risk arising from delayed liquidation based on deficit liquidity in a securities portfolio is also calculated as liquidity risk. This risk is calculated based on the ratio of a securities portfolio to

anticipated turnover on reference markets. Based on the calculation of market price risks using stress scenarios, aligned risk amounts can arise from deficient liquidity of securities as in the calculation of the liquidity risks described here. These cumulative risk amounts are integrated and not eliminated.

5.2.4 Operational Risk

Based on its activity, the corporate group and thus Lang & Schwarz Aktiengesellschaft are subject to controlling by various supervisory authorities. In light of this, changes in law and supervisory regulations are just as relevant to the company's future growth as are the continuously changing financial and market environment. Therefore, Lang & Schwarz Aktiengesellschaft monitors and analyzes the framework conditions in order to plan the company's successful development and implement the measures necessary to attain this. In this context, the following fields of risk have been identified and measures taken to mitigate and control risk:

- Personnel

Based on its specific business model, Lang & Schwarz Aktiengesellschaft depends on a sufficient number of qualified personnel. Successful personnel recruiting will remain a latent risk in coming financial years as well, but should not deteriorate compared to previous years. The company is also endeavoring to provide employees further training and promotes the training of qualified junior staff. When employees in executive or managerial positions leave, a company can experience a know-how deficit in specific cases. The company seeks to counter this risk as feasible.

- IT

The company is dependent to a high degree on the operability and speed of the data-processing and communications systems. In order to warrant the availability of the systems, all core functionalities are designed in a redundant fashion. The company has also protected itself against the loss of external power through an uninterruptible power supply and an emergency plan. To maintain and care for all relevant systems, employees from the IT Department of the subsidiary Lang & Schwarz Gate GmbH are available at all times.

- Market and stock exchange performance

Within the framework of its activity, the company depends on the development of the securities and futures exchanges, as they influence the investment practices of market participants and thus the results of the trading portfolio. These risks are countered through active risk management.

- Risks from failure to achieve strategic goals or growth

A series of factors can jeopardize the achievement of goals, including market fluctuations, the altered position of the enterprise on the market or changed conditions on the core market (Germany). If the company does not succeed in implementing its strategic plans or if the costs exceed expectations, future earnings power and competitiveness can be adversely affected. Lang & Schwarz Aktiengesellschaft might not be able to detect market tendencies or customer requirements in time or to continue to grow in the future as desired for other reasons. Deviations from strategy are reviewed within the framework of the annual risk analysis, as are the resulting effects on the company's future performance.

- Competition risks

The German financial sector is characterized by intensive competition. Lang & Schwarz Aktiengesellschaft competes not only with financial services institutions but also with banks and other financial companies. As a consequence, the desired margins can often not be attained in some business segments. This risk is monitored by management and forms part of the daily monitoring of results and the regular risk analysis.

- Risk from results performance

An overview is prepared of daily results from trading activities. All positions not closed on the trading day in derivatives, securities or currencies are evaluated based on the mark-to-market method. Using the daily results overview, it is possible to undertake prompt controlling and analysis of results and to observe results development. The self-developed limit controlling system helps to support improved monitoring of trading activity through an automated evaluation of all financial products independent of trading. The risk management system for trading risks continuously builds on this, adapting to current market developments.

At year-end, monthly estimates are made for Lang & Schwarz Aktiengesellschaft for the new financial year. The reconciliation of the estimated income and expenses with the actual business data provides an early indication of the company's business performance.

- Legal risks

Legal risks can arise through new legislative regulations, the amendment of existing provisions, altered interpretations of provisions or contractually vague formulations. The monitoring and controlling of these risks is assumed by the company's Legal Department. To mitigate legal risks, the Legal Department reviews all contractual relations; if necessary legal advisory services are used. Moreover, to assure that orders for trades placed by phone are documented, calls from traders are recorded on sound storage media. Legal insurance is taken out to protect against the costs risks of litigation.

To finance the Phoenix indemnity case, EdW has taken out a loan from KfW in the amount of about EUR 130 million. The loan is to be repaid as of 2010 in annual tranches of approximately EUR 25 million. These tranches are to be rendered from the assets of EdW. Should the assets not suffice, EdW will have to attempt to procure the necessary resources through separate contributions from affiliated institutes—within the framework feasible for EdW and the enterprise. As of year-end 2010, Lang & Schwarz Aktiengesellschaft was no longer a member of EdW. Nevertheless, the future financial, liquidity and earnings situation of Lang & Schwarz Aktiengesellschaft could be influenced by payments of the subsidiaries Lang & Schwarz TradeCenter AG & Co. KG or Lang & Schwarz Broker GmbH to EdW. However, the potential effects of this cannot be determined at the present point in time.

- Miscellaneous risks

Risks to reputation from collaboration with wikifolio Financial Technologies GmbH can arise in that editors depicting a trade idea in a virtual wikifolio deposit might not meet with the same expected success as in the past. If an index is calculated by Lang & Schwarz TradeCenter AG & Co. KG based on such virtual wikifolio deposits and a wikifolio index certificate is issued by Lang & Schwarz Aktiengesellschaft on this basis, investors could be disappointed with the performance. Despite best efforts, this cannot be prevented and thus could adversely impact Lang & Schwarz Aktiengesellschaft as issuer and the subsidiary Lang & Schwarz TradeCenter AG & Co. KG as index sponsor.

Other operating risks are countered above all by taking out insurance policies. The company decides on the type and scope of insurance coverage based on a commercial cost-benefit analysis. Despite intensive efforts, however, it is possible that losses will arise or claims will be lodged beyond the scope of the existing insurance protection or for which no insurance agreement can be concluded.

Operational risk is taken into account for the calculation of the company's risk bearing capacity in accordance with the German Solvency Ordinance (*Solvabilitätsverordnung; SolvV*; §§ 269 ff. thereof) through the basic indicator approach.

5.3 Risk Bearing Capacity

The following overview shows the calculated risk amounts for the relevant types of risk as of 31 December 2013:

	2013 TEUR
Default risk	-698
Market price risk	-392
Liquidity risk	
- thereof, refinancing risks	-159
- thereof, risks from market illiquidity of securities	-8
Operational risk	-1,549
	-2,806

Risk bearing capacity is calculated in accordance with the going concern principle. For the corporate group of Lang & Schwarz Aktiengesellschaft and its subsidiaries, sufficient risk bearing capacity is given so long as sufficient potential exists to comply with the capital requirements pursuant to the Solvency Ordinance after deducting risk items. According to the above principle, both Lang & Schwarz Aktiengesellschaft and the corporate group of Lang & Schwarz Aktiengesellschaft had sufficient risk bearing capacity in the financial year and as of 31 December 2013.

6 Forecast and Opportunities

Though there are indications of a further recovery in the global economy and a further upswing in the euro area, risks continue to exist that could counter this positive outlook. The constitutions of the national and international financial markets depend decisively on these risks. Regarding the opportunities and risks previously discussed in the risk report with respect to the business activities of the company, the development of the markets and stock exchanges is critical to the performance of Lang & Schwarz Aktiengesellschaft. It is therefore hardly possible (qualitatively and quantitatively) to make reliable forecasts for future financial years.

The European Central Bank (ECB) is likely to continue its policy of low lead interest rates. It is also expected that the risk premiums on the bond market will continue to decrease. Yields from fixed-income securities, particularly government instruments, will solidify at a low level for the foreseeable future. Should the global economy and the economy in the euro area not worsen in this environment, it can be expected for the equities markets to develop positively over the further course of 2013. Based on the sustained price growth on the equities markets in recent years, however, there is also a risk of price drops. Volatility could increase as a result. A higher volume of trading activities can normally be derived from volatile markets, also in short-term derivative products such as those issued by Lang & Schwarz Aktiengesellschaft. When such a market trend is detected, the effect can strengthen. With rising trading activities, the opportunities increase for Lang & Schwarz Aktiengesellschaft to generate results from such activities.

The effects of a European financial transaction tax, which could be introduced in France and Italy and further key European countries in the form of increased collaboration, could adversely impact the business activity of Lang & Schwarz Aktiengesellschaft and the subsidiaries. Based on the current situation, however, it is difficult to estimate the risks. Particularly from the vantage point of securities companies, a risk exists that despite the market makers, specialists and brokers involved in the interest of investors in securities trading, no exemptions will be made for these activities. Additional financial burdens might thus result. Negative effects could also arise for European and particularly the German financial center as a result of sharply reduced trading activities, as can be seen in France. This would not only affect commercial intermediaries but also private investors and players active for private investors. Lower trading volumes can have an adverse impact on the pricing of financial instruments.

Lang & Schwarz Aktiengesellschaft will continue in the future to focus mainly on the issue of its own products, maintain the product range in the future and expand it as necessary. Issue activity will remain independent of treating the clients who invest in products of Lang & Schwarz Aktiengesellschaft fairly. Standing tradeability and product pricing commensurate with the market will remain important. In the future as well, the company will work in the interests of clients to maintain the level achieved and expand it as necessary.

Wikifolio index certificates will be further developed in collaboration with wikifolio Financial Technologies GmbH. At the start of financial year 2014, this transpired through the expansion of the investment universe. The investment universe for the virtual wikifolio deposits will be expanded

through about 40,000 derivative products of HSBC Trinkaus & Burkhardt AG and of Lang & Schwarz Aktiengesellschaft to various underlying transactions. Associated with this expansion of the investment universe is the opportunity to increase the range of trading ideas so as to issue further wikifolio certificates. Further measures relating to the attractiveness and marketing of the products are to be undertaken in financial year 2014.

We believe that our published financial reports and the information and statements contained in them provide adequate insight into our activities, risks and opportunities, enabling sound impressions of the current situation and potential future developments. Our annual publications are supplemented by quarterly consolidated reports and news on special issues. Together, these data provide up-to-date insight into the key activities of Lang & Schwarz during the year.

Düsseldorf, 31 March 2014

The Management Board

André Bütow

Peter Zahn

Lang & Schwarz Aktiengesellschaft, Düsseldorf

Balance Sheet as of 31 December 2013

Assets

	12/31/2013		Previous Year
	EUR	EUR	EUR
A. Fixed assets			
I. Property, plant and equipment			
Other equipment, fixtures, fittings and equipment		81,571.15	102,177.03
II. Financial assets			
1. Shares in affiliated companies	8,000,000.00		6,200,000.00
2. Investments	<u>289,980.00</u>		<u>0.00</u>
		8,289,980.00	6,200,000.00
B. Current assets			
I. Accounts receivable and other assets			
1. Trade receivables	212,555.30		34,051.24
2. Accounts receivable from affiliated companies	2,481,172.19		6,330,498.24
3. Other assets	<u>1,515,921.90</u>		<u>890,389.82</u>
		4,209,649.39	7,254,939.30
II. Marketable securities			
Other marketable securities		81,454,592.73	28,575,079.70
III. Cash on hand and in banks		17,484,454.16	2,067,977.92
C. Deferred charges and prepaid expenses		11,525.33	2,470.72
		<u>111,531,772.76</u>	<u>44,202,644.67</u>

Liabilities

	12/31/2013		Previous Year
	EUR	EUR	EUR
A. Shareholders' equity			
I. Subscribed capital	9,438,000.00		9,438,000.00
Notional value of acquired own shares	<u>0.00</u>		<u>-82,257.00</u>
Issued capital		9,438,000.00	9,355,743.00
II. Surplus capital		9,635,669.97	9,455,864.18
III. Earnings reserves			
Other earnings reserves		1,111,105.07	1,011,544.48
IV. Retained earnings		<u>2,971,300.24</u>	<u>1,849,834.12</u>
		23,156,075.28	21,672,985.78
B. Provisions and accrued liabilities			
1. Accrued taxes	478,959.00		145,007.00
2. Other provisions and accrued liabilities	<u>1,477,341.68</u>		<u>1,037,323.77</u>
		1,956,300.68	1,182,330.77
C. Liabilities			
1. Liabilities due to banks	16,761,590.31		3,858,391.90
2. Trade payables	540,548.05		131,733.26
3. Other liabilities	69,117,258.44		17,357,202.96
thereof, from taxes:			
EUR 51,790.22 (previous year: EUR 714,257.20)			
thereof, for social security:			
EUR 1,401.74 (previous year: EUR 1,774.63)			
		86,419,396.80	21,347,328.12
		<u>111,531,772.76</u>	<u>44,202,644.67</u>

Lang & Schwarz Aktiengesellschaft, Düsseldorf

Income Statement for the Period from 1 January to 31 December 2013

	2013	Previous Year
	EUR	EUR
1. Revenue	78,147,933.77	86,655,744.57
2. Other operating income	343,557.12	1,012,781.30
3. Cost of materials	-68,707,643.48	-79,480,635.10
	9,783,847.41	8,187,890.77
4. Personnel expenses		
a) Wages and salaries	-2,731,358.65	-1,719,494.35
b) Social security, pension and other benefit costs	-281,577.05	-290,410.45
thereof, for pension: EUR 60,871.53 (previous year: EUR 59,195.03)		
	-3,012,935.70	-2,009,904.80
5. Depreciation, amortization and write-offs of intangible fixed assets, property, plant and equipment	-21,478.95	-22,651.57
6. Other operating expenses	-3,223,358.79	-3,574,812.42
7. Income from investments	99,990.00	301,690.29
thereof, from affiliated companies: EUR 99,990.00 (previous year: EUR 301,690.29)		
8. Income from profit pooling, profit and loss absorption agreements or partial profit and loss absorption agreements	251,543.36	204,171.26
9. Other interest and similar income	166,469.62	69,965.49
thereof, from affiliated companies: EUR 34,541.67 (previous year: EUR 40,222.22)		
10. Write-offs of financial assets and marketable securities	-1,930,326.39	-1,556,101.34
11. Interest and similar expenses	-152,228.36	-56,997.47
12. Result from ordinary operations	1,961,522.20	1,543,250.21
13. Taxes on income	-858,974.81	-376,741.70
14. Other taxes	18,918.73	-2,042.98
	-840,056.08	-378,784.68
15. Net income	1,121,466.12	1,164,465.53
16. Profit carried forward from the previous year	1,849,834.12	1,685,368.59
17. Transfer to other earnings reserves	0.00	-1,000,000.00
18. Retained earnings	2,971,300.24	1,849,834.12

Notes for Financial Year 2013

1. Bases of Accounting

The annual financial statements of Lang & Schwarz Aktiengesellschaft as of 31 December 2013 were prepared, as in the previous year, in accordance with the general provisions of the German Commercial Code (*Handelsgesetzbuch; HGB*) for large corporations and the German Stock Corporation Act (*Aktiengesetzes; AktG*). They consist of a balance sheet, income statement (cost summary method) and notes. A management report was also prepared in accordance with § 289 of the Commercial Code.

2. Accounting and Valuation Principles

The presentation and classification of the balance sheet and income statement correspond to the general requirements of the German Commercial Code for large corporations.

Intangible assets and property, plant and equipment are accounted for at the acquisition costs less scheduled use-related depreciation. Extraordinary depreciation is undertaken in cases of permanent reductions in value. Scheduled depreciation is undertaken on a straight-line basis. The useful life is 1 to 13 years. Additions of low-value items are fully written off, as permissible, in the year of acquisition and treated as disposals.

Shares in affiliated companies are normally accounted for according to the rules for financial assets; permanent reductions in value are taken into account as necessary.

Accounts receivable and other assets (except for securities) are recorded at the nominal value with due regard to necessary allowances and liabilities at their fulfillment amounts. Foreign currencies are converted in application of the provisions in § 256a of the German Commercial Code.

To the extent financial instruments are integrated into valuation units, they are valued in accordance with the provisions of § 254 of the German Commercial Code. For portfolios in financial instruments not integrated into valuation units the current stock exchange and market prices are determined as of the balance sheet date. The valuation is then made with due regard to the imparity principle.

Accrued taxes and other provisions and accrued liabilities have been formed in the fulfillment amount necessary in accordance with a reasonable commercial assessment. As prescribed by law, long-term provisions and accrued liabilities are discounted at the interest rate in accordance with § 253(2) of the German Commercial Code as of the balance sheet date.

Deferred taxes in accordance with § 274 are calculated as necessary; deferred taxes on the liabilities are offset with deferred taxes on the assets side. No use is made of the option in accordance with § 274(1), Sentence 2 as related to § 298 of the German Commercial Code.

Income and expenses before the balance sheet date are disclosed as deferred charges and prepaid expenses or deferred income, insofar as they represent income or expenses for a particular period after the balance sheet date.

The operative activity of Lang & Schwarz Aktiengesellschaft encompasses the issue of warrants and certificates and trade in these instruments for its own account. Risks arising based on the sold own warrants and certificates are hedged by counter products. The company earns trading profit by trading in these financial instruments and hedges from the difference between the purchase and sale prices. To properly present the income and expenses from the company's

trading activity, positive differences from the purchase and sale are disclosed under revenues and negative differences from the purchase and sale are disclosed under cost of materials.

The accounting and valuation methods applied last year were maintained in the annual financial statements.

3. Notes to the Balance Sheet and Income Statement

3.1. Residual Terms of Accounts Receivable and Liabilities

Balance Sheet Items	12/31/2013 up to 1 year TEUR	12/31/2013 > 1 year TEUR	Previous year up to 1 year TEUR	Previous year > 1 year TEUR
Trade receivables	213		34	
Accounts receivable from affiliated companies	2,481		6,331	
Other assets	1,448	68	752	138
	4,142	68	7,117	138

The residual terms of the balance sheet items: liabilities due to banks of TEUR 16,762, trade payables of TEUR 541 and other liabilities of TEUR 69,117 break down as follows:

Balance Sheet Items	12/31/2013 up to 1 year TEUR	12/31/2013 > 5 year TEUR	Previous year up to 1 year TEUR	Previous year > 5 year TEUR
Liabilities due to banks	16,762	0	3,858	0
Trade payables	541	0	132	0
Other liabilities	7,831	61,283	5,133	12,159
	25,134	61,283	9,123	12,159

No amounts with third-party banks that have been pledged in favor of the company bank HSBC Trinkaus & Burkhardt AG are disclosed under "cash in banks."

Liabilities due to banks (TEUR 14,746) relate to balances on current bank accounts, managed by the company bank HSBC Trinkaus & Burkhardt AG. Credit balances on these current accounts at this bank and securities portfolios have been pledged within the framework of a security agreement.

3.2. Shareholdings

For the shareholdings pursuant to § 285(11) of the German Commercial Code, the most recent annual financial statements of the company has been included:

Name and Registered Office of Company	Share in Capital %	Shareholders' Equity TEUR	Net Result 2013 TEUR
Lang & Schwarz TradeCenter AG & Co. KG, Düsseldorf	100.0	5,174	10
Lang & Schwarz Broker GmbH, Düsseldorf	100.0	1,046	-190
Lang & Schwarz Gate GmbH, Düsseldorf	100.0	522	0

99.99% of the interest in Lang & Schwarz TradeCenter AG & Co. KG is held directly by Lang & Schwarz Aktiengesellschaft. The further 0.01% is held in trust for Lang & Schwarz Aktiengesellschaft by Lang & Schwarz Gate GmbH.

Lang & Schwarz Aktiengesellschaft, Düsseldorf, is the general partner of Lang & Schwarz TradeCenter AG & Co. KG, Düsseldorf. In addition to Lang & Schwarz Aktiengesellschaft with 0.01%, Lang & Schwarz Gate GmbH holds a share in Lang & Schwarz TradeCenter AG & Co. KG. Lang & Schwarz Gate GmbH holds this share in trust for Lang & Schwarz Aktiengesellschaft. A control and profit and loss absorption agreement exists with Lang & Schwarz Gate GmbH, Düsseldorf. No write-offs of investments in Lang & Schwarz Broker GmbH or Lang & Schwarz TradeCenter AG & Co. KG arose for the reporting period.

The disclosed shares in affiliated companies and investments are not publicly listed or eligible for listing.

3.3. Fixed assets

The fixed assets are presented in the Statement of Fixed Assets (attached to these notes).

3.4. Own shares

As of 31 December 2013, no own shares were kept in portfolio. The development of own shares in 2013 is evident from the following overview:

	Share in Capital Stock in EUR	Share in Capital Stock as a %
27,419 units as of 31 December 2012	0	0.87
Purchases: 89,704 units at an average price of EUR 5.09 per unit	269,112	2.85
Sales: 117,123 units at an average price of EUR 5.45 per unit	-351,369	-3.72

The stock acquisitions were made for trading purposes. Purchases and sales were deducted or added at the nominal values from or to the subscribed capital. Amounts beyond the nominal values were offset with the free reserves. Income from trading increased the surplus capital.

3.5. Subscribed capital

The company's subscribed capital amounted in the reporting period unchanged to TEUR 9,438 and is divided into 3,146,000 no-par-value shares. The common shares are registered shares. As of the balance sheet date (31 December 2013), no own shares were held.

3.6. Surplus capital

Surplus capital amounted to TEUR 9,456 in the previous year. Through trade in own shares, surplus capital increased by TEUR 180 to TEUR 9,636.

3.7. Earnings reserves

Other earnings reserves contain changes based on trading in own shares of TEUR 100.

3.8. Authorized and conditional capital

By resolution of the shareholders in ordinary general meeting on 31 August 2011, the Management Board was authorized to increase the capital stock of the company with the approval of the Supervisory Board until 30 August 2016 though the issue of up to 1,573,000 units of new no-par-value registered shares in return for cash or non-cash contributions one or more times by a maximum total of EUR 4,719,000.00 (Authorized Capital I).

The capital stock of the company was moreover conditionally increased by up to EUR 1,800,000.00, divided into up to 600,000 no-par-value registered shares. The conditional capital increase serves to grant conversion rights to holders of bonds with warrants (upon issue of subscription rights linked to bond holder rights) and/or share options (upon issue of ownership rights to subscription rights linked to new shares), which the Management Board was authorized to issue by resolution of the shareholders in general meeting on 15 October 1998 in connection with the modification of this resolution by the shareholders in general meeting on 25 July 2000 and by resolution of the shareholders in general meeting on 25 July 2000. This was only carried out insofar as use will be made of this subscription right.

3.9. Other provisions and accrued liabilities

Other provisions and accrued liabilities essentially contain provisions and accrued liabilities for legal costs, auditing and consulting costs and costs associated with the legal form.

3.10. Other operating income

This item discloses other operating income arising from the reversal of provisions and accrued liabilities. This income essentially relates to reversals of provisions and accrued liabilities related to costs from issue activity.

4. Miscellaneous Information

4.1. Off-Balance-Sheet Transactions and Other Financial Obligations

Based on current agreements, particularly rent and leasing agreements, payment obligations exist of TEUR 1,682. These entail future expenses to affiliated companies of TEUR 670, arising in particular from the provision of hardware and software, the operation of an IT center and IT support services. These are based on service agreements concluded between the companies in order to use synergy effects. Other operating expenses of financial year 2013 contain TEUR 988 from these agreements.

Moreover, financial obligations can arise from the assumption of losses based on the profit and loss absorption agreement existing as of 31 December 2013 with the subsidiary Lang & Schwarz Gate GmbH. Within the framework of the credit agreement of Lang & Schwarz TradeCenter AG & Co. KG with HSBC Trinkaus & Burkhardt AG, it was agreed that assets of Lang & Schwarz Aktiengesellschaft held by the latter with HSBC Trinkaus & Burkhardt AG can be used to cover obligations of Lang & Schwarz TradeCenter AG & Co. KG based on trading activity in relation to HSBC Trinkaus & Burkhardt AG. Moreover, Lang & Schwarz Aktiengesellschaft issued to HSBC Trinkaus & Burkhardt AG an unlimited guarantee declaration for obligations of Lang & Schwarz TradeCenter AG & Co. KG. No reasons exist to assume potential recourse based on the aforementioned financial obligations in light of the business development of the subsidiaries.

Further information on transactions not contained on the balance sheet that is necessary for an assessment of the liquidity situation may be found under "4.2 Valuation Units in Accordance with § 254 of the German Commercial Code," insofar as such units relate to future portfolios held in portfolio for hedging purposes.

4.2. Valuation Units in Accordance with § 254 of the German Commercial Code

Lang & Schwarz Aktiengesellschaft discloses obligations from self-issued products and other transactions included as underlying transactions in valuation units in accordance with § 254 of the German Commercial Code. The obligations are disclosed under other securities in the amount of TEUR 1,610 and under other liabilities in the amount of TEUR 69,064. In addition to risks from the price fluctuation of indices in the amount of TEUR 7,912 (DAX, MDAX and SDAX) and from individual stocks and theme certificates in the amount of TEUR 62,484, the underlying transactions also contain risks from price fluctuations of commodities in the amount of TEUR 246 (gold, silver, platinum, palladium, copper, natural gas and crude oil), from the Bund future (TEUR 111) and from currency exchange rate relations (USD/EUR and GBP/EUR) of TEUR 33. Separate valuation units have been formed for these respective risks. Valuation units are depicted in the form of macro or portfolio hedges.

Through the sale of own products for all the aforementioned types of risk, Lang & Schwarz Aktiengesellschaft enters open positions in relation to the underlying financial instruments (underlying transactions). These risks are hedged through suitable hedging instruments. The hedge is made through corresponding countertrades and/or within the framework of a dynamic delta hedge directly through counterpositions in the underlying transaction. This assures in relation to the individual risks that value and payment flows largely compensate each other. Hedging instruments are accounted for as follows broken down by the formed valuation units:

Valuation Units	Other securities TEUR	Other assets TEUR	Liabilities due to banks TEUR	Other liabilities TEUR	Pending contracts ²⁾ TEUR
DAX ¹⁾ , MDAX and SDAX	24,207	719	1,341	-	18,019
Individual stocks and theme certificates	55,906	202	650	-	-
Commodities ¹⁾	-	-	-	-	818
Bund futures ¹⁾	-	-	-	-	1,390
Exchange rate relations ¹⁾	-	-	-	-	-632

¹⁾ Futures portfolios are also included within the framework of hedging relations, the results of which are recorded with a direct effect on income and expenses in the amount of the variation margin.

²⁾ Contract amount multiplied by the exercise price (in the relevant currency)

The nexus between the underlying transaction and the hedging instrument exists for the period the underlying contract is held by the company. When the position from the self-issued products is closed, the hedges are closed.

Within the framework of the risk management system of Lang & Schwarz Aktiengesellschaft, the risks from the positions of the underlying transactions and the hedging instruments are monitored. For this purpose, a limit system is installed for the valuation units. The system monitors on a daily basis the risks taken on by the company broken down by share price, commodities, interest rate and exchange rate risks and calculates the utilization of the prescribed limits and reports the findings to the Management Board. Moreover, each day the effectiveness of the hedge relation is calculated

in the form of a quantitative sensitivity analysis in accordance with the market-shift method. Reference is furthermore made to the statements on the risk management of Lang & Schwarz Aktiengesellschaft in the management report.

Results from the valuation units are computed in accordance with the gross hedge presentation method, wherein the market values from active markets are used for the disclosed financial instruments, if feasible. Should this not be possible, as in the case of option portfolios, the valuation is made using the Black-Scholes mathematical model or, in the case of American-style options using the Cox-Ross-Rubinstein model. The calculations of the mathematical models are based on interest rates, indices and underlying prices. The volatilities necessary for the calculations are derived as feasible from the products traded on the market. If necessary, alternative data or calculations are used.

4.3. Classification by Activity Areas or Geographic Markets

There are no markets that differ significantly geographically or in terms of their activities.

4.4. Names and Remuneration of Board Members

The **Management Board members** of Lang & Schwarz Aktiengesellschaft in financial year 2013 were:

Mr. André Bütow, Commercial Graduate, Neuss

Mr. Peter Zahn, Graduated Industrial Engineer (FH), Düsseldorf

Mr. Bütow is a member of the supervisory board of vwd Transaction Solutions AG, Frankfurt a. M. Mr. Zahn is a member of the supervisory boards of Backbone Technology AG, Hamburg, and of PAN AMP AG, Hamburg.

The **Supervisory Board** of Lang & Schwarz Aktiengesellschaft was composed as follows in financial year 2013:

Mr. Jochen von Ciriacy-Wantrup from Friedberg, Banker, retired, Chairman

Mr. Aribert Lieske from Düsseldorf, Public Accountant, Vice Chairman

Mr. Thomas Schult from Hamburg, Banker at M.M.Warburg & CO KGaA in Hamburg

A disclosure of the total remuneration of the Management Board was forgone in application of § 286(4) of the German Commercial Code.

The total remuneration of the Supervisory Board of Lang & Schwarz Aktiengesellschaft is determined in accordance with the resolution of the shareholders in general meeting on 20 June 2007. As a whole, the total remuneration for financial year 2013 amounts to TEUR 149.

4.5. Auditor's Fees

The total fees charged in the financial year for the auditing of financial statements amounted to TEUR 56.

4.6. Notices on the Existence of Investments in Lang & Schwarz Aktiengesellschaft

As far as is known, a shareholding of more than one-fourth of the shares in Lang & Schwarz Aktiengesellschaft is held by M.M.Warburg & CO Kommanditgesellschaft auf Aktien, Hamburg, which pertains to the corporate group of M.M. Warburg & Co. Gruppe (GmbH & Co.) KGaA, Hamburg.

4.7. Staff

In 2013, 33 persons were employed at Lang & Schwarz Aktiengesellschaft on quarterly average (including two Management Board members). As of the balance sheet date, 33 persons (including two Management Board members) were employed:

	12/31/2013	
	Male	Female
Management Board	2	0

4.8. Corporate Group Relations

In accordance with § 290(1) of the German Commercial Code, Lang & Schwarz Aktiengesellschaft is the parent company of Lang & Schwarz TradeCenter AG & Co. KG, Düsseldorf, Lang & Schwarz Broker GmbH, Düsseldorf, and Lang & Schwarz Gate GmbH, Düsseldorf.

4.9. Publication

The annual financial statements as of 31 December 2013 and the 2013 management report and further documents in accordance with § 325(1) of the German Commercial Code for financial year 2013 will be submitted for publication in the *Bundesanzeiger*.

In accordance with § 290 of the German Commercial Code, Lang & Schwarz Aktiengesellschaft prepared consolidated financial statements as of 31 December 2013 and a consolidated management report for financial year 2013. The subsidiaries have been integrated into these consolidated financial statements. The consolidated financial statements in accordance with the German Commercial Code as of 31 December 2013 and the consolidated management report for financial year 2013 and further documents in accordance with § 325(1) of the German Commercial Code for financial year 2013 will likewise be submitted for publication in the *Bundesanzeiger*.

5. Proposed Application of Results for Financial Year 2013

	EUR
2013 net income	1,121,466.12
Profit carried forward as of 31 December 2012	1,849,834.12
Retained earnings as of 31 December 2013	<u>2,971,300.24</u>

The Management Board plans to propose to the shareholders of Lang & Schwarz Aktiengesellschaft in general meeting on 28 August 2014 in Düsseldorf to pay a dividend of EUR 0.27 per ordinary share from the retained earnings.

Düsseldorf, 31 March 2014

The Management Board

André Bütow

Peter Zahn

Lang & Schwarz Aktiengesellschaft, Düsseldorf

Statement of Fixed Assets for the Period from 1 January to 31 December 2013

	Historical Acquisition Costs				Cumulative Depreciation				Residual Book Values	
	1/1/2013 EUR	Additions EUR	Disposals EUR	12/31/2013 EUR	1/1/2013 EUR	Additions EUR	Disposals EUR	12/31/2013 EUR	12/31/2013 EUR	Previous Year EUR
I. Financial assets										
1. Shares in affiliated companies	7,875,000.00	1,800,000.00	0.00	9,675,000.00	1,675,000.00	0.00	0.00	1,675,000.00	8,000,000.00	6,200,000.00
2. Investments	0.00	289,980.00	0.00	289,980.00	0.00	0.00	0.00	0.00	289,980.00	0.00
	<u>7,875,000.00</u>	<u>2,089,980.00</u>	<u>0.00</u>	<u>9,964,980.00</u>	<u>1,675,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,675,000.00</u>	<u>8,289,980.00</u>	<u>6,200,000.00</u>
II. Property, plant and equipment										
1. Fixtures, fittings and equipment	425,420.32	0.00	2,212.48	423,207.84	376,437.29	8,259.00	2,210.60	382,485.69	40,722.15	48,983.03
2. Installations	118,593.50	0.00	0.00	118,593.50	65,787.50	11,957.00	0.00	77,744.50	40,849.00	52,806.00
3. Low-value items/LVI collective account	4,448.02	874.95	874.95	4,448.02	4,060.02	1,262.95	874.95	4,448.02	0.00	388.00
	<u>548,461.84</u>	<u>874.95</u>	<u>3,087.43</u>	<u>546,249.36</u>	<u>446,284.81</u>	<u>21,478.95</u>	<u>3,085.55</u>	<u>464,678.21</u>	<u>81,571.15</u>	<u>102,177.03</u>
	<u>8,423,461.84</u>	<u>2,090,854.95</u>	<u>3,087.43</u>	<u>10,511,229.36</u>	<u>2,121,284.81</u>	<u>21,478.95</u>	<u>3,085.55</u>	<u>2,139,678.21</u>	<u>8,371,551.15</u>	<u>6,302,177.03</u>

"Auditor's Opinion

We have audited the annual financial statements (consisting of a balance sheet, income statement and notes) and the accounting and management report of Lang & Schwarz Aktiengesellschaft, Düsseldorf, for the financial year from 1 January to 31 December 2013. The accounting and preparation of annual financial statements in accordance with the provisions of German commercial law and the supplementary provisions of the Articles of Association are the responsibility of the company's legal representatives. Our task is to issue an opinion of the annual financial statements, accounting and management report based on the audit we conducted.

We have conducted our audit of the annual financial statements in accordance with § 317 of the German Commercial Code with due regard to the German principles of orderly auditing of financial statements issued by the Institute of Public Auditors in Germany (IDW). In accordance therewith, the audit is to planned and conducted so that inaccuracies and breaches which could have a significant effect on the presentation of the financial, liquidity, and earnings positions of the company as provided by the annual financial statements with due regard to the principles of orderly accounting (*GoB*) are detected with sufficient certainty. Knowledge of the business activity and of the economic and legal environment of the company and the expectations regarding potential errors have been taken in account when determining the audit procedures. Within the framework of the audit, the validity of the accounting-related internal controlling system and the accuracy of the documentation for the information in the accounting, annual financial statements and management report have been assessed largely on the basis of random samplings. The audit encompasses the assessment of the applied accounting principles, the material estimates of the legal representatives as well as the overall presentation of the annual financial statements and the management report. We are of the opinion that our audit forms a sufficiently secure basis for our assessment.

Our audit did not lead to any objections.

According to our assessment based on the findings of our audit, the annual financial statements correspond to the provisions of law and the supplementary provisions of the Articles of Association and provide a true and fair view of the financial, liquidity and earnings position of the company with due regard to the principles of orderly accounting (*GoB*). The management report is consistent with the annual financial statements, provides an accurate view of the company's situation and accurately portrays the opportunities and risks associated with future development."

Berlin, 5 May 2014

Dohm ■ Schmidt ■ Janka
Revision und Treuhand AG
Wirtschaftsprüfungsgesellschaft

Dr. Wolfgang Janka
Auditor

Matthias Schmidt
Auditor

Consolidated Financial Statements as of 31 December 2013 (HGB)

7 Business Activities of the Group

Lang & Schwarz is a financial group consisting of four Group companies, whose business activity is divided into three divisions.

The issue of derivative financial instruments with a focus on leverage products constitutes the main activity of the parent company, Lang & Schwarz Aktiengesellschaft as an operative holding company. These activities are consolidated into the Issuing Division within the Group. In total, Lang & Schwarz issued over 28,000 of its own products in 2013.

The different products of Lang & Schwarz Aktiengesellschaft are offered through the subsidiary Lang & Schwarz TradeCenter AG & Co. KG for trade (e.g. via TradeLink) on the EUWAX or off the exchange. As of the final day of 2013, Lang & Schwarz TradeCenter AG & Co. KG listed nearly 8,000 derivative financial instruments of Lang & Schwarz Aktiengesellschaft with a nexus to domestic and foreign stocks, indices, exchange rate relations, commodity prices or interest rates. Lang & Schwarz TradeCenter AG & Co. KG moreover provides trading prices for approx. 5,500 different stocks, funds, ETFs, ETCs and ETNs (ETPs) as well as bonds. This transpires every weekday from 7:30 a.m. to 11:00 p.m. and Saturdays from 10:00 a.m. to 1:00 p.m. and Sundays from 5:00 p.m. to 7:00 p.m. Via its partner banks, Lang & Schwarz TradeCenter AG & Co. KG reaches over 10 million private customers.

The wholly-owned subsidiary Lang & Schwarz Broker GmbH is a special bank dedicated to trade in securities and other financial instruments. The activities of this company are consolidated as the Financial Services Division. In addition to classic brokerage business, the bank also provides advice and service when going and being public, including IPO and corporate finance consulting. The service range of this division moreover includes order execution and the performance of stock trading services and the conduct of stock repurchase programs for publicly-traded companies. As a designated sponsor, Lang & Schwarz Broker GmbH also provides binding ask and bid prices on the XETRA electronic trading platform.

As a subsidiary of Lang & Schwarz Aktiengesellschaft, Lang & Schwarz Gate GmbH performs IT-related services largely for the Group companies.

8 Economy

8.1 Economic Framework Conditions

Calendar year 2013 was again characterized by moderate economic growth. After a long boom phase, economic performances in developed nations showed first signs of a slowdown. The developed industrial nations experienced a small renaissance, above all the U.S. economy, which appeared driven by the expansive monetary policy of the Federal Reserve and the resurgence of U.S. industry based on new energy production technologies. The Japanese economy also managed to display growth in GDP that exceeded expectations with the very relaxed monetary and fiscal policy of propagated by Prime Minister Shinzô Abe. China still remained a country with above-average growth. The forecast increase of 7.5% for 2013 was below the average rates of increase in recent years. This was one reason for the overall slowdown in global economic growth in 2013. The International Monetary Fund (IMF) assumes for 2013 an increase in gross world product of 2.9%, after 3.2% in 2012. For 2014 the IMF's outlook is again positive, with estimated growth of 3.6% for gross world product.⁵

The eurozone is still battling the consequences of the debt crisis and its effects on the banking sector. In Cyprus, private bank creditors were forced for the first time by way of compulsory charges to share in the effects of the banking crisis. Irrespective of the negative development in Cyprus, the effects of the European sovereign debt crisis clearly abated in 2013. One sign of this was the declining bond yields in the southern European countries. In December 2013, Ireland became the first previously crisis-ridden state to leave the euro rescue package again and return as a sovereign issuer to the capital markets.

Despite these positive signals, the real economic situation in southern Europe is still tense, causing the European Central Bank (ECB) to reduce lead interest rates further. In November 2013, the lead rate was reduced to a record low of 0.25%. At the same time, it was announced that the interest rates would remain at a low level and that further monetary policy measures could be necessary. One argument for these perspectives is held to be the low current inflation rate in the euro area of 0.7%.

The global economic situation has tended to improve in relation to the financial and sovereign debt crises in the year just ended. The financial markets have profited from this. Nevertheless, it still appears too early to assume that no more risks exist from these crises. The in part deep structural change in some states that were particularly affected by the crises is still not to be viewed as over. Therefore, the fragile financial circumstances will have to be observed, initiated measures monitored and stabilizing crisis management solutions adopted and implemented. The perspectives for the European, particularly the German, economic zone are more than stable. The increased domestic demand is giving impetus to the trade balance and sustained growth in Germany. This will likely also make for positive growth on the labor market.

8.2 Framework Conditions for Business Activity in 2013

The global "flood of money" from central banks in conjunction with low interest rates have led in market year 2013 to sharp gains on the equities markets. The U.S. market continued the now five-year-old bull market with an increase in the S&P500 of 29.6%, the Dow Jones increasing by 26.5%. Shaken by the "bubble economy" since the start of the 1990s, the Japanese market was able to increase sharply, the Nikkei225 rising by 56.7% over the previous year.

⁵ According to the International Monetary Fund (IMF), October 2013

Prices increased sharply in Europe as well. With a stately rate of increase of 17.9%, the EuroStoxx 50 is bottom of the league. The small caps market (SDAX) increased by 29.3%. The mid caps market (MDAX) even exceeded this with an increase of 39.1%, after previously gaining 33.9% the year before. The DAX too continued its upward trend in 2013, hitting, though not closing at, a new all-time high on the final trading day of 2013 at 9,594.16 points. The DAX closed at 9,552.16 points, thus achieving an annual performance of 25.5%. Despite these developments, turnover on the stock exchanges decreased slightly or stagnated overall in 2013 compared to the previous year. The spot markets of the German stock exchanges had total trading volumes of EUR 1.160 trillion in 2012,⁶ and only EUR 1.158 trillion in 2013.

For investors who had expected a further increase in the price of gold in 2013 it was not such a positive year. At a year-end price of around USD 1,200 per ounce, the "crisis metal" was cheaper than it had been in many years, dropping approximately 30% from the end of the previous year. The price for Brent grade crude oil stagnated at nearly USD 111 per barrel.

Despite the positive mood on the equities market, the market for new issues was difficult in Germany. Though large companies joined the exchanges with Kion Group AG, LEG Immobilien AG, Evonik Industries AG and RTL Group AG, they sometimes had to accept reductions in issue volumes or the issue price in order to conclude the placements. Of the newcomers to the exchange, RTL Group AG performed the best with an over 50% price increase since its initial listing in April 2013. However, this was merely a "relisting" of the company which formerly listed in Luxembourg, followed by a placement by the majority shareholder. Evonik Industries AG could not find sufficient potential buyers for its classical IPO. It then therefore opted for a an "IPO light" at a much lower volume. Other potential candidates, such as Constantia Flexible AG and Grohe AG, opted to postpone their IPOs or to undertake sales directly to private investors.

In contrast to Germany, the U.S. market had an IPO boom with 222 new issues. The IPO of Twitter Inc. drew particular attention, with initial subscribers procuring a return of over 50% since November 2013. The largest IPO, however, was undertaken by the hotel chain Hilton Worldwide Holdings Inc. in December 2013. With Voxeljet AG, a German company was able to provide from both the IPO and 3D printing euphoria in the U.S. with a listing on the New York Stock Exchange.

8.3 Business Performance in 2013

Certain ratios and individual variables are critical for the Group's performance. These are called key performance indicators (financial and non-financial). As key figures of the Group, they are observed, calculated and related to other values or developments. The following overview presents the key performance indicators for the corporate group of Lang & Schwarz Aktiengesellschaft:

		2013	2012
Result from trading activity ⁷	TEUR	10,494	7,944
Administrative expenses ⁸	TEUR	8,772	8,381
Earnings before taxes	TEUR	1,834	194
Liabilities from sold own derivative products	TEUR	69,064	16,119
Issues in the financial year	Number	28,154	36,479
Trading volumes	Number	gain	decline
Designated sponsor mandates	Number	21	19
Accompanied capital measures	Number	14	20
Shareholders' equity on the balance sheet	TEUR	23.376	22.020

⁶ According to Deutsche Börse AG

⁷ Total from revenue, cost of materials, interest result and write-offs of marketable securities

⁸ Personnel expenses plus other operating expenses

Group employees as of the cutoff date	Number	47	49
- Additions in reporting year	Number	0	0
- Departures in reporting year	Number	-2	0

The result from trading activity reflects the earnings performance from operating activity. It is reported internally as a daily, monthly, quarterly and annual figure for the company and the Group. Together with the administrative expenses as the largest block of fixed costs and the earnings before taxes, these figures represent the key financial performance indicators for Lang & Schwarz Aktiengesellschaft. Contingent on the result from trading activity and earnings before taxes, changes in administrative expenses can arise through the compensation system within the corporate group of Lang & Schwarz Aktiengesellschaft. Reference is made at this point to the section of this management report on compensation.

Liabilities from sold own derivative products reflect the status of the own products in circulation in euro. As an indicator, this figure can reflect the propensity of investors to acquire products of Lang & Schwarz Aktiengesellschaft. However, the amount is subject to natural fluctuation that can be caused by products not always being reissued to the same degree at all times, as their terms expire or they lapse due to market changes. It is therefore not possible to make a direct derivation from the change in the amount. Deeper internal analyses are thus made for this purpose. The number of products issued in the financial year is integrated. As a result of the change in issuing behavior described under Item 2.3 (Business Performance in 2013), this figure declined from the previous year.

The number of trades carried out in the financial year provides insight into the possibility of generating trading income. These figures are therefore developed by management at regular intervals.

The number of designated sponsor mandates can represent a measure of the acceptance of liquidity provision services. The figure is therefore reported on an ongoing basis. This field also provides indications about Corporate Action services, the number and type of which are reported and can likewise serve as a measure of the demand for the provision of high-quality advice by Lang & Schwarz Broker GmbH.

As a liability figure, the shareholders' equity on the balance sheet represents a key indicator, the development of which is also of crucial significance for shareholders of Lang & Schwarz Aktiengesellschaft.

The employees in the corporate group of Lang & Schwarz Aktiengesellschaft represent a significant factor for sustained success and the continuous further development of the Group. Well trained employees are the basis for success-oriented, efficient and process-oriented work in normally very rapid trades and their smooth processing and ongoing risk-oriented monitoring. High fluctuation can work against sustained success. This is therefore measured and reported internally.

8.3.1 Performance by Division

8.3.1.1 Issuing Division

The number of products issued by Lang & Schwarz Aktiengesellschaft decreased in financial year 2013 from the previous year. This was attributable to the internal adaptation process leading to a reduction in the issue of products with minor exercise price differences. This helped to cut issue-related costs. The range of attractive products of Lang & Schwarz Aktiengesellschaft was not diminished as a result. To the contrary, with the initial issue of warrants on Bund futures, we further expanded with range in 2013.

According to EUWAX AG, the total value of all customer orders executed on the EUWAX decreased from EUR 29,508 million in 2012 to EUR 27,771 million in 2013, corresponding to a drop of approx. 6%. Customer orders in products of Lang & Schwarz Aktiengesellschaft were executed in a volume of EUR 144 million in 2013, up around 19% from the previous year against this trend. The number of executed customer orders on the EUWAX stagnated at around 2.8 million, while the number of customer orders executed for products of Lang & Schwarz Aktiengesellschaft climbed around 15% to 40,371 orders. Lang & Schwarz Aktiengesellschaft was thus able to draw positive attention to itself on the derivative instruments market.

Also contributing to this success was the performance of the wikifolio Index certificate issued by Lang & Schwarz Aktiengesellschaft after being developed in collaboration with wikifolio Financial Technologies GmbH. Based on this new and innovative investment product, Lang & Schwarz Aktiengesellschaft ranked 7th among 26 issuers (previous year: No. 16) in the class of index and participation certificates according to the EUWAX annual report for financial year 2013 by volume of executed customer orders. In terms of the number of executed customer orders, Lang & Schwarz Aktiengesellschaft was even able to advance to No. 4 (previous year: No. 12), now behind the issuers Commerzbank AG (No. 1), Deutsche Bank AG (No. 2) and Royal Bank of Scotland plc (No. 3).

In financial year 2013, a total of approx. 660 wikifolio Index certificates were issued. On the final day of 2013, a total of nearly 800 different wikifolio Index certificates were up for sale through Lang & Schwarz Aktiengesellschaft. As of 31 December 2013, investors had already invested more than EUR 50 million in these products, with an upward trend as of the start of the year.

8.3.1.2 TradeCenter Division

Contrary to the trend of stagnating or declining trading volumes on the stock exchanges, Lang & Schwarz TradeCenter AG & Co. KG was able to expand its activities in the financial year just closed. It can be stated that the private investors in the milieu of Lang & Schwarz TradeCenter AG & Co. KG thus found their way back to the equities markets. This is also documented by the growth in trades by clients of Lang & Schwarz TradeCenter AG & Co. KG, such as those of Comdirect AG and DAB bank AG.

In addition to this positive development, trading activities managed to be further expanded in connection with the own products of Lang & Schwarz Aktiengesellschaft. Based on trades in wikifolio-certificates, securities revenue arose in several respects for Lang & Schwarz TradeCenter AG & Co. KG: first, from the market maker activity on behalf of the issuer Lang & Schwarz Aktiengesellschaft in wikifolio certificates themselves; second, through trade in wikifolio certificates, ongoing adjustments arise concerning the hedging needs of Lang & Schwarz TradeCenter AG & Co. KG; finally, requests to adjust hedging needs arise directly from changes in the indices underlying the wikifolio Index certificates which relate to the specimen (wikifolios) deposits. The adjustments in the hedging needs are made on an ongoing basis by Lang & Schwarz TradeCenter AG & Co. KG on behalf of Lang & Schwarz Aktiengesellschaft.

8.3.1.3 Financial Services Division

Stock market barometers climbed upward in 2013, while business volume in the XETRA electronic trading segment of the Frankfurt Stock Exchange stagnated at the previous year's level. In relation to the floor, at -6% the volume even decreased for the third year running. Turnover on the XETRA and on the floor thus together lie around the level of exchange year 2004. These figures demonstrate the ongoing broad hesitancy on the part of market players.

Lang & Schwarz Broker GmbH adapted to this environment. Developments in the securities brokerage business point towards highly qualified one-stop services, which normally cannot be performed by a single provider, however. For this reason, the course was set some time ago for cooperations with adjacent divisions. The business relationship with a cooperation partner in the sales trading segment was ended in financial year 2013. Lang & Schwarz Broker GmbH is emerging from this change more strongly with a new partner. As one of the leading providers of research for mid- and small-cap equities in Germany, Montega AG is contributing its comprehensive knowledge and relations to the cooperation. Lang & Schwarz Broker GmbH is supplementing this through its business segments and capital market expertise for national and international investors.

With 7 (previous year: 11) new issues and three (previous year: five) initial listings, a total of 10 IPOs were carried out on the Frankfurt Stock Exchange⁹ in 2013, thus only about 60% of the number of IPOs in 2012. Of these, 9 new issues and initial listings from 2013 were attributable to measures on the regulated market and only one measure to open market trading. However, EUR 3,606 million were placed through these measures. Compared to 2012, this represents an around 50% increase in placement volumes despite the low number of transactions. In 2013, Lang & Schwarz Broker GmbH accompanied and collaborated in a total of 14 capital measures and initial listings. National and international clients were supported again at various market places.

8.3.1.4 IT Services Division

Reachability for trades at all times and unimpeded access to the necessary trading systems and communications techniques are indispensable for the Lang & Schwarz Group. As an independent Group company, Lang & Schwarz Gate GmbH therefore provides highly specialized IT services for all Group companies. As a result, it is warranted that know-how can be implemented in a target-oriented fashion for the Group's own needs.

8.3.2 Consolidated Earnings Situation

Financial year 2013 was an exciting year, which set the direction for the future of Lang & Schwarz Aktiengesellschaft in many ways. Even if most of these measures will have to prove themselves in the future, they have nevertheless shown an initial effect in the annual financial statements as of 31 December 2013. Gross profit from trading activity, which consists of revenue, the cost of materials, write-offs of marketable securities and the interest result, increased by TEUR 2,550 or 32% from TEUR 7,944 to TEUR 10,494. Within the gross profit from trading activity, gross profit increased in relation to the commission result by TEUR 1,026 to TEUR 1,037. In relation to the trading result, gross profit increased by TEUR 1,540 to TEUR 9,551.

Other operating income decreased by TEUR 505 to TEUR 434. This was attributable in particular to the reduced income from the reversal of provisions and accrued liabilities, which decreased from TEUR 838 in the previous year to TEUR 257 in 2013. Personnel expenses increased over the previous year as a whole by TEUR 1,131 to TEUR 5,078, essentially due to the consideration of variable salary

⁹ According to Deutsche Börse AG

components for employees. Other operating expenses could be reduced by 17% or TEUR 741, amounting to TEUR 3,694 after TEUR 4,435 last year. Fees related to issue activity were able to be reduced by TEUR 441.

The result from ordinary operations of TEUR 1,834 was a clear improvement over the previous year of TEUR 1,640. Taxes on income increased disproportionately from TEUR 377 in the previous year to TEUR 857 for financial year 2013. This was essentially due to the consideration of tax expense from the ongoing field audit for the assessment periods from 2008 to 2010 in the amount of TEUR 154.

As a whole, net income of TEUR 994 was earned in financial year 2013 after a consolidated net loss of TEUR -186 the year before.

8.3.3 Consolidated Liquidity Situation

The liquidity within the corporate group of Lang & Schwarz Aktiengesellschaft was sufficient at all times in the financial year just closed, warranting solvency at all times. As of the close of the year, short-term accounts receivable, other securities and liquid assets among current assets of TEUR 126,153 (previous year: TEUR 45,142) were offset by short-term liabilities and provisions and accrued liabilities of TEUR 104,426 (previous year: TEUR 24,699). Financial instruments of a short-term nature based on their fungibility are included in short-term liabilities despite their long residual terms in accordance with the internal controlling. This also applies to the warrants and certificates issued by Lang & Schwarz Aktiengesellschaft. On this basis, net cash and cash equivalents of TEUR 21,727 (previous year: TEUR 20,443) arise on the balance sheet.

Beyond the current consolidated equity resources of TEUR 23,376 (previous year: TEUR 22,020), the Group companies had sufficient resources available to finance their business activity even after financial year 2013 based on current agreements with the company bank HSBC Trinkaus & Burkhardt AG.

8.3.4 Consolidated Asset Situation

Consolidated total assets of Lang & Schwarz Aktiengesellschaft sharply increased over the previous year from TEUR 46,855 by TEUR 81,051 to TEUR 127,906. In particular, the securities trading portfolio increased as is evident from the overview below:

Balance Sheet Items and Products	Amounts Disclosed on Balance Sheet		
	2013 TEUR	2012 TEUR	Change TEUR
Other assets			
- Options	921	594	+327
Other securities			
- Equities, funds, ETPs, warrants and certificates	85,952	32,119	+53,833
- Fixed-income securities	1,476	145	+1,331
Total trading portfolios (assets)	88,349	32,858	+55,491
Liabilities due to banks			
- Sold equities, funds and ETPs	3,222	2,729	+493
Other liabilities			
- Options	0	524	-524
- Sold own warrants and certificates	69,064	16,119	+52,945
Total trading portfolios (liabilities)	72,286	19,372	+52,914

The increase in the securities trading portfolios relates to the expansion of the business activity in index certificates, particularly in wikifolio Index certificates. This is evident in the balance sheet item

"other liabilities," under which the sold own warrants and certificates are disclosed. Compared to the amount disclosed in the previous year of TEUR 16,119, the amount disclosed on the balance sheet increased by TEUR 52,945. With nearly 800 different wikifolio index certificates, the number of products offered for sale in 2013 increased sharply. Correspondingly, other securities on the assets side of the balance sheet increased by TEUR 55,164. The balance sheet item "other securities" discloses the securities inventories acquired to secure the sold wikifolio certificates.

Moreover, current credit balances within the balance sheet item "cash on hand and in banks" particularly at the company bank HSBC Trinkaus & Burkhardt AG increased by TEUR 25,090 to 36,890. Liabilities due to banks increased by TEUR 26,166 to TEUR 31,722. Liabilities to suppliers from securities transactions increased within the liabilities due to banks from TEUR 2,729 to TEUR 3,222.

Despite the fact that shareholders' equity increased by TEUR 1,355 to TEUR 23,376, the equity ratio decreased to 18%, as a result of the expanded total assets. Shareholders' equity increased due to the results from financial year 2013 (TEUR 994) and the results from trading in own shares (TEUR 362).

The performance indicators developed positively in financial year 2013, having a favorable effect on the earnings, liquidity and financial situation as a whole. The financial, liquidity and earnings situation of the corporate group of Lang & Schwarz Aktiengesellschaft is orderly as a whole.

9 Compensation

The remuneration of the employees within the corporate group of Lang & Schwarz Aktiengesellschaft and the financial holding group is treated uniformly for all Group companies, taking into account the provisions of the German Ordinance on Supervisory Requirements for the Compensation Systems of Institutes (*Institutsvergütungsverordnung - InstitutsVergV*). Compliance with the legal regulations is reviewed annually by the Management Board, the Supervisory Board and our independent auditors during the audits of the annual financial statements.

The Management Board of Lang & Schwarz Aktiengesellschaft is responsible for designing the Group employee compensation system. In addition to fixed monthly remuneration, a variable component can be established by management to provide positive performance incentives. The payment of variable remuneration is voluntary, does not establish a legal claim on the part of the employees, and is generally linked to positive results from the predefined business segment, division or corporate group. When calculating the individual remuneration, quantitative and qualitative criteria are taken into account, such as the quality of the performance, the demand for the activity, the position within the enterprise, the years of affiliation with the enterprise and the assumption of special tasks. The compensation system for the Management Board is designed by the Supervisory Board of Lang & Schwarz Aktiengesellschaft. The same provisions generally apply to the Management Board. However, variable remuneration is calculated in accordance with bases of calculation that are agreed in writing.

10 Report on Events after the Balance Sheet Date

There were no events after the balance sheet date that could have an impact on the earnings, liquidity or financial situation of the Lang & Schwarz Group and are subject to reporting.

11 Risks

11.1 Risk Management

In their business segments, the Group companies of Lang & Schwarz Aktiengesellschaft undertake trades in financial instruments that are normally held in their own portfolios for short periods of time. These securities portfolios are hedged through counter-portfolios of the same type or through dynamic delta hedging. Dealing with risks, such as potential losses or lost profit, forms part of the general controlling by management for the corporate group of Lang & Schwarz Aktiengesellschaft as a whole. For this reason, prompt risk management is established as an early risk detection and controlling instrument with the involvement of all Group companies. The framework conditions for trading in financial instruments and the risk management system are formulated by management for the entire corporate group in the form of guidelines and work instructions (organizational instructions). The business and risk strategy anchored in the framework conditions is reviewed by management each year and establishes the type and scope of potential risk transactions in the individual Group business segments. Early detection, valuation, controlling and monitoring of risks are undertaken directly by management, with the support of Risk Controlling and Internal Auditing throughout the Group.

11.2 Types of Risks Associated with Business Activity

Key risks from the business activity have been identified as follows: default risk, market price risk, liquidity risk and operational risk.

11.2.1 Default Risk

Default Risk is the risk that a contractual partner will not pay or will not pay on time or that the Group company will be obliged to render a performance to a contractual partner despite the non-performance of a third party. Default risk is divided into three sub-risks: credit risk, counterparty risk and issuer risk.

Credit risks relate to derivative and off-balance-sheet risks that are monitored through risk controlling of trades.

Of lesser significance are counterparty risks, which include the risks of the default or deterioration of the credit rating of a counterparty, because nearly all trades can be settled consecutively to performance.

As the risk of the default or deterioration in the credit rating of the issuer, issuer risk is countered through risk management of trades. Derivative and off-balance-sheet risks are monitored within the framework of market price risks. Moreover, potential risk concentrations are calculated and mitigated through analogous application of supervisory regulations.

To the extent the trading business is not affected, default risk is quantified based on the average losses from past periods.

11.2.2 Market Price Risk

Market price risks are general price changes in stocks, bonds, currencies and commodities through market movements. Market price risks include price risks, risks associated with interest rate changes, currency risks and market price risks from commodity transactions. Prices risks are defined as both

risks from short-term market price fluctuations and liquidity risks based on the restricted tradeability of securities due to low trading volumes ("narrow-market" securities).

- **Price risk from short-term market price fluctuations**

Risks from short-term market price fluctuations or fluctuations of implicit volatility are calculated through a prompt risk controlling system. In order to limit risky portfolios, compliance with the trading limits prescribed by management is continuously monitored.

- **Price risk through liquidity shortages**

Liquidity risks in financial instruments are countered through the conscientious selection of the financial instruments traded within the Group. Risks are calculated analogous to the risks from short-term market fluctuations when ascertaining market price risks. Risks are also taken into account as price risks in the form of delayed liquidation possibilities that can arise from the deficit liquidity of products. These risks are taken into account within the framework of liquidity risks.

- **Risk of interest rate changes in the trading business**

Interest rate changes from the trading business exist for the enterprise with interest-rate products. Such risks are limited through organizational instructions and promptly calculated and monitored by Risk Controlling.

- **Currency risk in the trading business**

Because Lang & Schwarz Aktiengesellschaft issues turbo-warrants on the performance of exchange rates, currency risks can generally also exist from the trading business. These are limited through organizational instructions and promptly monitored by Risk Controlling.

All market price risks are monitored by trading independently based on portfolio and market price calculations and scenario analyses. Any limits overstepped in the course of the trading day are reported by Risk Controlling according to the guidelines and work instructions. Management moreover receives a daily report about the compliance with the trading limits at the end of each trading day. Stress tests scenarios simulate sharp fluctuations of price indicators and calculate potential effects on the results of the trading portfolio. Market price risks are calculated for the analysis of risk bearing capacity based on prescribed scenario models. The worst case results from the scenario matrix are used for the analysis of risk bearing capacity.

11.2.3 Liquidity Risks

Liquidity risks affecting the availability of liquid assets cannot be generally excluded for the corporate group of Lang & Schwarz Aktiengesellschaft. Based on the financial resources of the corporate group, such risks are viewed as minor. Nevertheless, the liquidity situation is monitored daily in an adequate fashion through internal procedures. Liquidity risks within the framework of the analysis of risk bearing capacity are taken into account by calculating an interest-rate shock. Interest expenses from preceding settlement periods form the basis for calculating interest-rate-shock scenarios.

The potential risk arising from delayed liquidation based on deficit liquidity in a securities portfolio is also calculated as liquidity risk. This risk is calculated based on the ratio of a securities portfolio to anticipated turnover on reference markets. Based on the calculation of market price risks using stress scenarios, aligned risk amounts can arise from deficient liquidity of securities as in the calculation of the liquidity risks described here. These cumulative risk amounts are integrated and not eliminated.

6.1.1 Operational Risk

Based on its activity, the corporate group is subject to controlling by various supervisory authorities. In light of this, changes in law and supervisory regulations are just as relevant to the Group's future growth as are the continuously changing financial and market environment. Therefore, the Group companies monitor and analyze the framework conditions in order to plan the Group's successful development and implement the measures necessary to attain this. In this context, the following fields of risk have been identified and measures taken to mitigate and control risk:

- Personnel

Based on its specific business model, the Group depends on a sufficient number of qualified personnel. Successful personnel recruiting will remain a latent risk in coming financial years as well, but should not deteriorate compared to previous years. The Group is also endeavoring to provide employees further training and promotes the training of qualified junior staff. When employees in executive or managerial positions leave, a corporate group can experience a know-how deficit in specific cases. The Group seeks to counter this risk as feasible.

- IT

The Group companies are dependent to a high degree on the operability and speed of the data-processing and communications systems. In order to warrant the availability of the systems, all core functionalities are designed in a redundant fashion. Lang & Schwarz has also protected itself against the loss of external power through an uninterruptible power supply and an emergency plan. To maintain and care for all relevant systems, employees from the IT Department of the Group company Lang & Schwarz Gate GmbH are available at all times.

- Market and stock exchange performance

Within the framework of its activity, the Group depends on the development of the securities and futures exchanges, as they influence the investment practices of market participants and thus the results of the trading portfolio. These risks are countered through active risk management.

- Risks from failure to achieve strategic goals or growth

A series of factors can jeopardize the achievement of goals, including market fluctuations, the altered position of the enterprise on the market or changed conditions on the core market (Germany). If the Group companies do not succeed in implementing their strategic plans or if the costs exceed expectations, future earnings power and competitiveness can be adversely affected. The corporate group of Lang & Schwarz Aktiengesellschaft might not be able to detect market tendencies or customer requirements in time or to continue to grow in the future as desired for other reasons. Deviations from strategy are reviewed within the framework of the annual risk analysis, as are the resulting effects on the Group's future performance.

- Competition risks

The German financial sector is characterized by intensive competition. Lang & Schwarz competes not only with financial services institutions but also with banks and other financial companies. As a consequence, the desired margins can often not be attained in some Group business segments. This risk is monitored by management and forms part of the daily monitoring of results and the annual risk analysis of the Group.

- Risk from results performance

An overview is prepared of daily results from trading activities. All positions not closed on the trading day in derivatives, securities or currencies are evaluated based on the mark-to-market method. Using the daily results overview, it is possible to undertake prompt controlling and analysis of results and to observe results development. The self-developed limit controlling system helps to support improved monitoring of trading activity through an automated evaluation of all financial products independent of trading. The risk management system for trading risks continuously builds on this, adapting to current market developments.

At year-end, monthly estimates are made for the Group companies for the new financial year. The reconciliation of the estimated income and expenses with the actual business data provides an early indication of the business performance of the Group companies.

- Legal risks

Legal risks can arise through new legislative regulations, the amendment of existing provisions, altered interpretations of provisions or contractually vague formulations. The monitoring and controlling of these risks is assumed by the Group's Legal Department. To mitigate legal risks, the Legal Department reviews all contractual relations; if necessary legal advisory services are used. Moreover, to assure that orders for trades placed by phone are documented, calls from traders are recorded on sound storage media. Legal insurance is taken out to protect against the costs risks of litigation.

To finance the Phoenix indemnity case, EdW has taken out a loan from KfW in the amount of about EUR 130 million. The loan is to be repaid as of 2010 in annual tranches of approximately EUR 25 million. These tranches are to be rendered from the assets of EdW. Should the assets not suffice, EdW will have to attempt to procure the necessary resources through separate contributions from affiliated institutes—within the framework feasible for EdW and the enterprise. As of year-end 2010, Lang & Schwarz Aktiengesellschaft was no longer a member of EdW. Nevertheless, the future financial, liquidity and earnings situation of Lang & Schwarz Aktiengesellschaft could be influenced by payments of the subsidiaries Lang & Schwarz TradeCenter AG & Co. KG or Lang & Schwarz Broker GmbH to EdW. However, the potential effects of this cannot be determined at the present point in time.

- Miscellaneous risks

Risks to reputation from collaboration with wikifolio Financial Technologies GmbH can arise in that editors depicting a trade idea in a virtual wikifolio deposit might not meet with the same expected success as in the past. If an index is calculated by Lang & Schwarz TradeCenter AG & Co. KG based on such virtual wikifolio deposits and a wikifolio index certificate is issued by Lang & Schwarz Aktiengesellschaft on this basis, investors could be disappointed with the performance. Despite best efforts, this cannot be prevented and thus could adversely impact Lang & Schwarz Aktiengesellschaft as issuer and the subsidiary Lang & Schwarz TradeCenter AG & Co. KG as index sponsor.

Other operating risks are countered above all by taking out insurance policies. The Group decides on the type and scope of insurance coverage based on a commercial cost-benefit analysis. Despite intensive efforts, however, it is possible that losses will arise or claims will be lodged beyond the scope of the existing insurance protection or for which no insurance agreement can be concluded.

Operational risk is taken into account for the calculation of the Group's risk bearing capacity in accordance with the Solvency Ordinance (*Solvabilitätsverordnung; SolvV*; §§ 269 ff. thereof) through the basic indicator approach.

11.3 Risk Bearing Capacity

The following overview shows the calculated risk amounts for the relevant types of risk within the Group as of 31 December 2013:

	2013 TEUR
Default risk	-19
Market price risk	-558
Liquidity risk	
- thereof, refinancing risks	-349
- thereof, risks from market illiquidity of securities	-67
Operational risk	-2,150
	-3,143

Risk bearing capacity is calculated in accordance with the going concern principle. For the corporate group of Lang & Schwarz Aktiengesellschaft and its subsidiaries, sufficient risk bearing capacity is given so long as sufficient potential exists to comply with the capital requirements pursuant to the Solvency Ordinance after deducting risk items. According to the above principle, both Lang & Schwarz Aktiengesellschaft and the corporate group of Lang & Schwarz Aktiengesellschaft had sufficient risk bearing capacity in the financial year and as of 31 December 2013.

12 Forecast and Opportunities

Though there are indications of a further recovery in the global economy and a further upswing in the euro area, risks continue to exist that could counter this positive outlook. The constitutions of the national and international financial markets depend decisively on these risks. Regarding the opportunities and risks previously discussed in the risk report with respect to the business activities of the Group, the development of the markets and stock exchanges is critical to the performance of the Group companies. It is therefore hardly possible (qualitatively and quantitatively) to make reliable forecasts for future financial years.

The European Central Bank (ECB) is likely to continue its policy of low lead interest rates. It is also expected that the risk premiums on the bond market will continue to decrease. Yields from fixed-income securities, particularly government instruments, will solidify at a low level for the foreseeable future. Should the global economy and the economy in the euro area not worsen in this environment, it can be expected for the equities markets to develop positively over the further course of 2013. Based on the sustained price growth on the equities markets in recent years, however, there is also a risk of price drops. Volatility could increase as a result. A higher volume of trading activities can normally be derived from volatile markets, also in short-term derivative products such as those issued by Lang & Schwarz Aktiengesellschaft. When such a market trend is detected, the effect can strengthen. With rising trading activities, the opportunities increase for the Issuing Division to generate results from such activities.

The effects of a European financial transaction tax, which could be introduced in France and Italy and further key European countries in the form of increased collaboration, could adversely impact the business activity within the corporate group of Lang & Schwarz Aktiengesellschaft. Based on the current situation, however, it is difficult to estimate the risks. Particularly from the vantage point of securities companies, a risk exists that despite the market makers, specialists and brokers involved in the interest of investors in securities trading, no exemptions will be made for these activities. Additional financial burdens might thus result. Negative effects could also arise for European and particularly the German financial center as a result of sharply reduced trading activities, as can be seen in France. This would not only affect commercial intermediaries but also private investors and players active for private investors. Lower trading volumes can have an adverse impact on the pricing of financial instruments.

Lang & Schwarz Aktiengesellschaft will continue in the future to focus mainly on the issue of its own products, maintain the product range in the future and expand it as necessary. Issue activity will remain independent of treating the clients who invest in products of Lang & Schwarz Aktiengesellschaft fairly. Standing tradeability and product pricing commensurate with the market will remain important. In the future as well, the company will work in the interests of clients to maintain the level achieved and also expand it as feasible.

Wikifolio index certificates will be further developed in collaboration with wikifolio Financial Technologies GmbH. At the start of financial year 2014, this transpired through the expansion of the investment universe. The investment universe for the virtual wikifolio deposits will be expanded through about 40,000 derivative products of HSBC Trinkaus & Burkhardt AG and of Lang & Schwarz

Aktiengesellschaft to various underlying transactions. Associated with this expansion of the investment universe is the opportunity to increase the range of trading ideas so as to issue further wikifolio certificates. More issuing and trading activities as market maker could result for the Issuing and TradeCenter Divisions. Further measures relating to the attractiveness and marketing of the products are to be undertaken in financial year 2014.

End customers for services in the TradeCenter Division are exclusively contacted through partner banks, with whom customers interested in securities trading maintain business relationships. As a result of the elevated degree of recognition, customers can be made aware of the Lang & Schwarz brand and request services. Yet this depends in particular on services that interest customers. The declared objective is to maintain and expand the high standard of services as market maker.

The development of the TradeCenter Division will also depend in the future on the acceptance of its services by trading customers. Because no direct contacts are maintained to bank customers who are interested in securities, we depend on the collaboration with our partner banks. The high degree of recognition of the Lang & Schwarz brand helps for our range of trading products to be known. Campaigns are therefore conducted with partner banks in order to draw attention to the services of Lang & Schwarz TradeCenter AG & Co. KG and to advertise trades with the partner bank via Lang & Schwarz. Whether growth in trading activities with a partner bank can be attributed to such campaigns is difficult to assess. However, we generally see more opportunities from such actions and campaigns to position Lang & Schwarz TradeCenter AG & Co. KG as a fair and competent partner for securities trading in order to generate additional trading volumes for and earn more income from the TradeCenter Division.

The spot market turnover statistics of Deutsche Börse AG of the first two months of 2014 reveal a notable animation in trading turnover. After years of declining activities, this represents a bright spot from which opportunities can be derived. Whether a trend for financial year 2014 as a whole can be derived from this waits to be seen. Nor can it be concluded from this that the Financial Services Division will be able to successfully partake in this animation.

The new cooperation between Montega AG and Lang & Schwarz Broker GmbH, which can provide mutual customers key information for securities activities and enable access to high-quality securities services represents a competitive advantage in the current market situation. For with increasing volatility of the markets, information about the investment one is opting for is just as crucial as the decision when and how the investment should be implemented.

Designated sponsoring will also be offered in the Financial Services Division in the future. Trading risks are inherent to liquidity providing as a service, which can impact the results from trading activity. The trading results depend on the markets and the possibilities for trading in the managed securities and the counter-obligations to maintain liquidity in the securities. It cannot be predicted how the markets in the managed securities and thus the results from the trading activity will develop in connection with designated sponsoring in 2014. Observation of the markets and the individual managed securities therefore form an integral component of the work of the Financial Services Division associated with this service.

Trustworthy service oriented on the interests of clients always results in interesting projects for the Going- & Being-Public segment, including IPO and corporate-finance consulting. As in recent years, opportunities exist for 2014 that will make it possible to prove this again. With comprehensive know-how, directly related to the environment of the relevant securities, the Financial Services Division is available for all questions relating to corporate finance advising. From the advantage of receiving the possibility to be involved early on in the decision-making processes as the initial contact for designated sponsoring clients arises other advantages from which designated sponsoring clients can profit, as can Lang & Schwarz Broker GmbH.

We believe that our published financial reports and the information and statements contained in them provide adequate insight into our activities, risks and opportunities, enabling sound impressions of the current situation and potential future developments. Our annual publications are supplemented by quarterly consolidated reports and news on special issues. Together, these data provide up-to-date insight into the key activities of Lang & Schwarz during the year.

Düsseldorf, 10 April 2014

The Management Board

André Bütow

Peter Zahn

Consolidated Balance Sheet as of 31 December 2013

Assets	12/31/2013		12/31/2012	Liabilities	12/31/2013		12/31/2012
	EUR		EUR		EUR		EUR
A. Fixed assets				A. Shareholders' equity			
I. Intangible assets				I. Subscribed capital	9,438,000.00		9,438,000.00
Acquired franchises, trademark, patents and similar rights and values and licenses to such rights and values				Notional value of acquired own shares	<u>0.00</u>		<u>-82,257.00</u>
	930,174.60		1,056,469.60	Issued capital		9,438,000.00	9,355,743.00
II. Property, plant and equipment				II. Surplus capital		9,635,669.97	9,455,864.18
Other equipment, fixtures, fittings and equipment	366,236.15		427,177.03	III. Earnings reserves			
				Other earnings reserves		1,111,105.07	1,011,544.48
III. Financial assets				IV. Retained earnings	<u>3,191,123.09</u>		<u>2,197,328.86</u>
Investments	<u>289,980.00</u>		<u>0.00</u>		23,375,898.13		22,020,480.52
		1,586,390.75	1,483,646.63	B. Provisions and accrued liabilities			
B. Current assets				1. Accrued taxes	478,959.00		145,007.00
I. Accounts receivable and other assets				2. Other provisions and accrued liabilities	<u>2,027,396.27</u>		<u>1,202,467.57</u>
1. Trade receivables	351,069.41		246,814.44			2,506,355.27	1,347,474.57
2. Other assets	<u>1,552,189.53</u>		<u>968,724.62</u>	C. Liabilities			
		1,903,258.94	1,215,539.06	1. Liabilities due to banks	31,721,785.96		5,556,019.07
II. Securities				2. Trade payables	1,020,147.07		400,622.07
Other securities		87,428,335.12	32,264,303.95	3. Other liabilities			
III. Cash on hand and in bank		36,889,789.97	11,799,596.05	thereof, for taxes:			
				EUR 106,977.82 (previous year: EUR 749,375.98)			
C. Deferred charges and prepaid expenses		98,164.85	92,057.38	thereof, for social security:			
				EUR 2,092.77 (previous year: EUR 3,786.60)	<u>69,177,302.07</u>		<u>17,394,763.84</u>
						101,919,235.10	23,351,404.98
				D. Deferred income		104,451.13	135,783.00
		<u>127,905,939.63</u>	<u>46,855,143.07</u>			<u>127,905,939.63</u>	<u>46,855,143.07</u>

Consolidated Income Statement for the Period from 1 January to 31 December 2013

	1/1/ - 12/31/2013		1/1/ - 12/31/2013
	EUR	EUR	EUR
1. Revenue		122,653,695.28	125,347,440.95
2. Other operating income		434,106.11	939,180.46
3. Cost of materials		-110,100,621.31	-115,825,326.84
		12,987,180.08	10,461,294.57
4. Personnel expenses			
a) Wages and salaries	-4,491,138.22		-3,309,803.26
b) Social security, pension and other benefits costs thereof, for pensions: EUR 92,725.03 (previous year: EUR 95,871.56)	-586,935.84		-636,815.26
		-5,078,074.06	-3,946,618.52
5. Amortization, depreciation and write-offs on intangible fixed assets, property, plant and equipment		-322,520.99	-307,682.88
6. Other operating expenses		-3,694,075.91	-4,434,779.81
Income from investments		0.00	0.00
7. Other interest and similar income		198,752.52	36,298.61
8. Write-offs of financial assets and marketable securities		-1,964,938.28	-1,500,224.39
9. Interest and similar expenses		-292,459.21	-114,056.59
10. Result from ordinary operations		1,833,864.15	194,230.99
Extraordinary income	0.00		0.00
Extraordinary expenses	0.00		0.00
Extraordinary result		0.00	0.00
11. Taxes on income	-857,177.57		-376,808.20
12. Other taxes	17,107.65		-3,020.16
		-840,069.92	-379,828.36
13. Consolidated net income (previous year: consolidated net loss)		993,794.23	-185,597.37
14. Profit carried forward from previous year		2,197,328.86	3,382,926.23
15. Transfer to earnings reserves		0.00	-1,000,000.00
16. Consolidated retained earnings		3,191,123.09	2,197,328.86

1. Bases of Accounting

The consolidated financial statements of Lang & Schwarz Aktiengesellschaft as of 31 December 2013 were prepared, as in the previous year, in accordance with the general provisions of the German Commercial Code (*Handelsgesetzbuch; HGB*) for large corporations and the German Stock Corporation Act (*Aktiengesetz; AktG*). They consist of a consolidated balance sheet, consolidated income statement (cost summary method), consolidated notes, consolidated cash flow statement and a Statement of Consolidated Shareholders' Equity. A Group management report was also prepared in accordance with § 315 of the German Commercial Code.

2. Accounting and Valuation Principles

The presentation and classification of the consolidated balance sheet and consolidated income statement correspond to the general requirements of the German Commercial Code for large corporations.

The provisions for capital, liabilities, expense and income consolidation were applied accordingly.

Intangible assets and property, plant and equipment are accounted for at the acquisition costs less scheduled use-related depreciation. Extraordinary depreciation is undertaken in cases of permanent reductions in value. Scheduled depreciation is undertaken on a straight-line basis. The useful life is 1 to 13 years. Additions of low-value items are fully written off, as permissible, in the year of acquisition and treated as disposals.

Accounts receivable and other assets (except for securities) are recorded at the nominal value with due regard to necessary allowances and liabilities at their fulfillment amounts. Foreign currencies are converted in application of the provisions in § 256a of the German Commercial Code.

To the extent financial instruments are integrated into valuation units, they are valued in accordance with the provisions of § 254 of the German Commercial Code. For portfolios in financial instruments not integrated into valuation units the current stock exchange and market prices are determined as of the balance sheet date. The valuation is then made with due regard to the impairment principle.

Accrued taxes and other provisions and accrued liabilities have been formed in the fulfillment amount necessary in accordance with a reasonable commercial assessment. As prescribed by law, long-term provisions and accrued liabilities are discounted at the interest rate in accordance with § 253(2) of the German Commercial Code as of the balance sheet date.

Deferred taxes in accordance with § 306 of the German Commercial Code are calculated as necessary; deferred taxes on the liabilities are offset with deferred taxes on the assets side. No use is made of the option in accordance with § 274(1), Sentence 2 as related to § 298 of the German Commercial Code.

Income and expenses before the balance sheet date are disclosed as deferred charges and prepaid expenses or deferred income, insofar as they represent income or expenses for a particular period after the balance sheet date.

The operative activity of Lang & Schwarz Aktiengesellschaft encompasses the issue of warrants and certificates and trade in these instruments for its own account. Risks arising based on the sold own warrants and certificates are hedged by counter products. The company earns trading profit by trading in these financial instruments and hedges from the difference between the purchase and sale prices. Based on the securities trading activity of the

subsidiaries of Lang & Schwarz TradeCenter AG & Co. KG and Lang & Schwarz Broker GmbH, the same also applies to these companies. To properly present the income and expenses from the Group's trading activity and for purposes of comparison with the previous year, positive differences from the purchase and sale are disclosed under revenues and negative differences from the purchase and sale are disclosed under cost of materials.

The accounting and valuation methods applied last year were maintained in the consolidated financial statements.

3. Consolidated Group

As in the previous year, in accordance with § 290(1) of the German Commercial Code, Lang & Schwarz Aktiengesellschaft is the parent company of Lang & Schwarz TradeCenter AG & Co. KG, Düsseldorf, Lang & Schwarz Broker GmbH, Düsseldorf, and Lang & Schwarz Gate GmbH, Düsseldorf.

All subsidiaries are integrated in the consolidated financial statements in accordance with the provisions on full consolidation.

Name and Registered Office of Company	Capital Stock	Share of Lang & Schwarz	
	as of 12/31/2013 in nom. TEUR	Aktiengesellschaft as of 12/31/2013 as a %	in nom. TEUR
Lang & Schwarz Gate GmbH, Düsseldorf	500	100.0	500
Lang & Schwarz Broker GmbH, Düsseldorf	750	100.0	750
Lang & Schwarz TradeCenter AG & Co. KG, Düsseldorf	6,250	100.0	6,250

99.99% of the interest in Lang & Schwarz TradeCenter AG & Co. KG is held directly by Lang & Schwarz Aktiengesellschaft. The further 0.01% is held in trust for Lang & Schwarz Aktiengesellschaft by Lang & Schwarz Gate GmbH.

A control and profit and loss absorption agreement exists with Lang & Schwarz Gate GmbH, Düsseldorf, as of 31 December 2013.

4. Notes to the Consolidated Balance Sheet and Consolidated Income Statement

4.1. Residual Terms of the Accounts Receivable And Liabilities

Balance Sheet Items	12/31/2013 up to 1 year TEUR	12/31/2013 > 1 year TEUR	Previous year up to 1 year TEUR	Previous year > 1 year TEUR
Trade receivables	351	0	247	0
Other assets	1,484	68	831	138
	<u>1,835</u>	<u>68</u>	<u>1,078</u>	<u>138</u>

The residual terms of the balance sheet items: liabilities due to banks of TEUR 31,722, trade payables of TEUR 1,020 and other liabilities of TEUR 69,177 break down as follows:

Balance Sheet Items	12/31/2013 up to 1 year TEUR	12/31/2013 >5 years TEUR	Previous year up to 1 year TEUR	Previous year >5 years TEUR
Liabilities due to banks	31,722	0	5,556	0
Trade payables	1,020	0	1,072	0
Other liabilities	7,891	61,283	5,170	12,159
	<u>41</u>	<u>61</u>	<u>12</u>	<u>12</u>

Cash in bank totaling TEUR 26,955 does not include any amounts from third banks that were pledged in favor of the company bank HSBC Trinkaus & Burkhardt AG.

TEUR 28,361 of the liabilities due to banks relate to balances on current bank accounts managed by HSBC Trinkaus & Burkhardt AG.

Credit balances maintained on current accounts at the company bank HSBC Trinkaus & Burkhardt AG and securities portfolios were pledged for this purpose within the framework of a securities agreement.

4.2. Fixed assets

The development of the fixed assets is presented in the consolidated statement of fixed assets (attached to these consolidated notes).

4.3. Own shares

As of 31 December 2013, no own shares were kept in portfolio. The development of own shares in 2013 is evident from the following overview:

	Share in Capital Stock in EUR	Share in Capital Stock as a %
27,419 units as of 31 December 2012	82,257	0.87
Purchases: 89,704 units at an average price of EUR 5.09 per unit	269,112	2.85
Sales: 117,123 units at an average price of EUR 5.45 per unit	-351,369	-3.72
0 units as of 31 December 2013	0	0.00

The stock acquisitions were made for trading purposes. Purchases and sales were deducted or added at the nominal values from or to the subscribed capital. Amounts beyond the nominal values were offset with the free reserves. Income from trading increased the surplus capital.

4.4. Subscribed capital

The company's subscribed capital amounted in the reporting period unchanged to TEUR 9,438 and is divided into 3,146,000 no-par-value shares. The common shares are registered shares. As of the balance sheet date (31 December 2013), no own shares were held.

4.5. Surplus capital

Surplus capital amounted to TEUR 9,456 in the previous year. Through trade in own shares, surplus capital increased by TEUR 180 to TEUR 9,636.

4.6. Earnings reserves

Other earnings reserves contain changes based on trading in own shares of TEUR 100.

4.7. Authorized and conditional capital

By resolution of the shareholders in ordinary general meeting on 31 August 2011, the Management Board was authorized to increase the capital stock of the company with the approval of the Supervisory Board until 30 August 2016 though the issue of up to 1,573,000 units of new no-par-value registered shares in return for cash or non-cash contributions one or more times by a maximum total of EUR 4,719,000.00 (Authorized Capital I).

The capital stock of the company was moreover conditionally increased by up to EUR 1,800,000.00, divided into up to 600,000 no-par-value registered shares. The conditional capital increase serves to grant conversion rights to holders of bonds with warrants (upon issue of subscription rights linked to bond holder rights) and/or share options (upon issue of ownership rights to subscription rights linked to new shares), which the Management Board was authorized to issue by resolution of the shareholders in general meeting on 15 October 1998 in connection with the modification of this resolution by the shareholders in general meeting on 25 July 2000 and by resolution of the shareholders in general meeting on 25 July 2000. This was only carried out insofar as use will be made of this subscription right.

4.8. Material Amounts of Certain Consolidated Balance Sheet Items

Other provisions and accrued liabilities essentially contain provisions and accrued liabilities for personnel and auditing and consulting costs.

5. Miscellaneous Information

5.1. Off-Balance-Sheet Transactions and Other Financial Obligations

Based on current agreements, particularly rent and leasing agreements, payment obligations exist of TEUR 1,862.

Moreover, financial obligations can arise from the assumption of losses for Lang & Schwarz Aktiengesellschaft based on the profit and loss absorption agreement existing as of 31 December 2013 with the subsidiary Lang & Schwarz Gate GmbH. Within the framework of the credit agreement of Lang & Schwarz TradeCenter AG & Co. KG with HSBC Trinkaus & Burkhardt AG, it was agreed that assets of Lang & Schwarz Aktiengesellschaft held by the latter with HSBC Trinkaus & Burkhardt AG can be used to cover obligations of Lang & Schwarz TradeCenter AG & Co. KG based on trading activity in relation to HSBC Trinkaus & Burkhardt AG. Moreover, Lang & Schwarz Aktiengesellschaft issued to HSBC Trinkaus & Burkhardt AG an unlimited guarantee declaration for obligations of Lang & Schwarz TradeCenter AG & Co. KG. No reasons exist to assume potential recourse based on the aforementioned financial obligations in light of the business development of the subsidiaries.

Further information on transactions not contained on the balance sheet that is necessary for an assessment of the liquidity situation may be found under "5.2 Valuation Units in Accordance with § 254 of the German Commercial Code," insofar as such units relate to future portfolios held in portfolio for hedging purposes.

5.2. Valuation Units in Accordance with § 254 of the German Commercial Code

Lang & Schwarz Aktiengesellschaft discloses obligations from self-issued products and other transactions included as underlying transactions in valuation units in accordance with § 254 of the German Commercial Code. The obligations are disclosed under other securities in the amount of TEUR 1,610 and under other liabilities in the amount of TEUR 69,064. In addition to risks from the price fluctuation of indices in the amount of TEUR 7,912 (DAX, MDAX and SDAX) and from individual stocks and theme certificates in the amount of TEUR 62,484, the underlying transactions also contain risks from price fluctuations of commodities in the amount of TEUR 246 (gold, silver, platinum, palladium, copper, natural gas and crude oil), from the Bund future (TEUR 111) and from currency exchange rate relations (USD/EUR and GBP/EUR) of TEUR 33. Separate valuation units have been formed for these respective risks. Valuation units are depicted in the form of macro and portfolio hedges.

Through the sale of own products for all the aforementioned types of risk, Lang & Schwarz Aktiengesellschaft enters open positions in relation to the underlying financial instruments (underlying transactions). These risks are hedged through suitable hedging instruments. The hedge is made through corresponding countertrades and/or within the framework of a dynamic delta hedge directly through counterpositions in the underlying transaction. This assures in relation to the individual risks that value and payment flows largely compensate each other. Hedging instruments are accounted for as follows broken down by the formed valuation units:

Valuation Units	Other securities TEUR	Other assets TEUR	Liabilities due to banks TEUR	Other liabilities TEUR	Pending contracts ²⁾ TEUR
DAX ¹⁾ , MDAX and SDAX	24,207	719	1,341	-	18,019
Individual stocks and theme certificates	55,906	202	650	-	-
Commodities ¹⁾	-	-	-	-	818
Bund futures ¹⁾	-	-	-	-	1,390
Exchange rate relations ¹⁾	-	-	-	-	-632

¹⁾ Futures portfolios are also included within the framework of hedging relations, the results of which are recorded with a direct effect on income and expenses in the amount of the variation margin.

²⁾ Contract amount multiplied by the exercise price (in the relevant currency)

The nexus between the underlying transaction and the hedging instrument exists for the period the underlying contract is held by the company. When the position from the self-issued products is closed, the hedges are closed.

Within the framework of the risk management system of Lang & Schwarz Aktiengesellschaft, the risks from the positions of the underlying transactions and the hedging instruments are monitored. For this purpose, a limit system is installed for the valuation units. The system monitors on a daily basis the risks taken on by the company

broken down by share price, commodities, interest rate and exchange rate risks and calculates the utilization of the prescribed limits and reports the findings to the Management Board. Moreover, each day the effectiveness of the hedge relation is calculated in the form of a quantitative sensitivity analysis in accordance with the market-shift method. Reference is furthermore made to the statements on the risk management of Lang & Schwarz Aktiengesellschaft in the management report.

Results from the valuation units are computed in accordance with the gross hedge presentation method, wherein the market values from active markets are used for the disclosed financial instruments, if feasible. Should this not be possible, as in the case of option portfolios, the valuation is made using the Black-Scholes mathematical model or, in the case of American-style options using the Cox-Ross-Rubinstein model. The calculations of the mathematical models are based on interest rates, indices and underlying prices. The volatilities necessary for the calculations are derived as feasible from the products traded on the market. If necessary, alternative data or calculations are used.

5.3. Classification by Activity Areas or Geographic Markets

The corporate group of Lang & Schwarz Aktiengesellschaft undertakes securities trading transactions in all divisions and offers the related services. There are no markets that differ significantly geographically or in terms of their activities.

5.4. Cash-Flow Statement

The net cash and cash equivalents encompassed liquidity of the first degree, including cash on hand of TEUR 10,003 and cash in bank of TEUR 26,722. Liabilities due to banks of TEUR 31,722 were deducted from these.

In financial year 2013, there were no significant investments or financing transactions with an effect on payments.

5.5. Names and Remuneration of Board Members

The **Management Board members** of Lang & Schwarz Aktiengesellschaft in financial year 2013 were:

Mr. André Bütow, Commercial Graduate, Neuss

Mr. Peter Zahn, Graduated Industrial Engineer (FH), Düsseldorf

Mr. Bütow is a member of the supervisory board of vwd Transaction Solutions AG, Frankfurt a. M. Mr. Zahn is a member of the supervisory boards of Backbone Technology AG, Hamburg, and of PAN AMP AG, Hamburg.

The **Supervisory Board** of Lang & Schwarz Aktiengesellschaft was composed as follows in financial year 2013:

Mr. Jochen von Ciriacy-Wantrup from Friedberg, Banker, retired, Chairman

Mr. Aribert Lieske from Düsseldorf, Public Accountant, Vice Chairman

Mr. Thomas Schult from Hamburg, Banker at M.M. Warburg & CO KGaA in Hamburg

A disclosure of the total remuneration of the Management Board was forgone in application of § 286(4) of the German Commercial Code.

The total remuneration of the Supervisory Board of Lang & Schwarz Aktiengesellschaft is determined in accordance with the resolution of the shareholders in general meeting on 20 June 2007. As a whole, the total remuneration for financial year 2013 amounts to TEUR 149.

5.6. Auditor's Fees

The total fees charges in the financial year amounted to TEUR 101 for the auditing of the annual financial statements and TEUR 17 for other certifications. TEUR 1 was not charged in the reporting period for the total auditing fees considered in the previous year of TEUR 99.

5.7. Notices on the Existence of Investments in Lang & Schwarz Aktiengesellschaft

As far as is known, a shareholding of more than one-fourth of the shares in Lang & Schwarz Aktiengesellschaft is held by M.M.Warburg & CO Kommanditgesellschaft auf Aktien, Hamburg, which pertains to the corporate group of M.M. Warburg & Co. Gruppe (GmbH & Co.) KGaA, Hamburg.

5.8. Staff

In 2013, 47 persons were employed within the corporate group of Lang & Schwarz Aktiengesellschaft on quarterly average (including two Management Board members). As of the balance sheet date, 47 persons (including two Management Board members) were employed:

	12/31/2013	
	male	female
Management Board	2	0
Employees	37	8

5.9. Publication

The consolidated financial statements as of 31 December 2013 and the 2013 consolidated management report and further documents in accordance with § 325(3) of the German Commercial Code for financial year 2013 will be submitted for publication in the *Bundesanzeiger*.

6. Proposed Application of Results for Financial Year 2013

	EUR
2013 consolidated net income	993,794.23
Profit carried forward as of 31 December 2012	2,197,328.86
Consolidated retained earnings as of 31 December 2013	3,191,123.09

The Management Board plans to propose to the shareholders of Lang & Schwarz Aktiengesellschaft in general meeting on 28 August 2014 in Düsseldorf to pay a dividend of EUR 0.27 per ordinary share from the retained earnings of Lang & Schwarz Aktiengesellschaft for financial year 2013 in the amount of TEUR 1,121. As of 31 December 2013, the retained earnings of Lang & Schwarz Aktiengesellschaft amounted to TEUR 2,971, including the profit carried forward from the previous year; earnings reserves were disclosed in the amount of TEUR 1,111.

Düsseldorf, 10 April 2014

The Management Board

André Bütow

Peter Zahn

Lang & Schwarz Aktiengesellschaft, Düsseldorf

Consolidated Statement of Fixed Assets for the Period from 1 January 2013 to 31 December 2013

	Historical Acquisition Costs				Cumulative Depreciation				Residual Book Values	
	01/01/013 EUR	Additions EUR	Disposals EUR	12/31/2013 EUR	1/1/2013 EUR	Additions EUR	Disposals EUR	12/31/2013 EUR	12/31/2013 EUR	Previous Year EUR
I. Intangible assets										
Software	2,820,213.43	65,520.11	0.00	2,885,733.54	1,763,743.83	191,815.11	0.00	1,955,558.94	930,174.60	1,056,469.60
	2,820,213.43	65,520.11	0.00	2,885,733.54	1,763,743.83	191,815.11	0.00	1,955,558.94	930,174.60	1,056,469.60
II. Property, plant and equipment										
1. Fixtures, fittings and equipment	2,727,830.19	67,499.01	2,212.48	2,793,116.72	2,451,281.16	89,646.01	2,210.60	2,538,716.57	254,400.15	276,549.03
2. Installations	212,091.44	0.00	0.00	212,091.44	67,521.44	32,735.00	0.00	100,256.44	111,835.00	144,570.00
3. Low value items/ LVI collective account	37,417.92	2,267.87	2,267.87	37,417.92	31,359.92	8,324.87	2,267.87	37,416.92	1.00	6,058.00
	2,977,339.55	69,766.88	4,480.35	3,042,626.08	2,550,162.52	130,705.88	4,478.47	2,676,389.93	366,236.15	427,177.03
III. Financial assets										
Investments	0.00	289,980.00	0.00	289,980.00	0.00	0.00	0.00	0.00	289,980.00	0.00
	0.00	289,980.00	0.00	289,980.00	0.00	0.00	0.00	0.00	289,980.00	0.00
	5,797,552.98	425,266.99	4,480.35	6,218,339.62	4,313,906.35	322,520.99	4,478.47	4,631,948.87	1,586,390.75	1,483,646.63

Cash-Flow Statement for the Period from 1 January to 31 Dezember 2013

	1/1/ - 12/31/2013 TEUR	1/1/ - 12/31/2012 TEUR
Consolidated net income before tax	1,851	191
Items contained in consolidated net income with no effect on payments and transfer to the cash flow from operating activity		
+/- Write-offs/-ups on plant, property and equipment and intangible assets	322	308
+/- Increase/decrease in provisions and accrued liabilities (not including accrued taxes)	825	-4,064
+/- Other expenses/income with no effect on payments	-1,049	-227
-/+ Profit/loss from the disposal of fixed assets	0	-4
+/- Other adjustments	-1,140	0
Subtotal	809	-3,796
Change in assets and liabilities after correction for non-cash-effective components		
-/+ Increase/decrease in accounts receivable from banks not ascribable to cash and cash equivalents	-8	-69
-/+ Increase/decrease in trade receivables	-104	7
-/+ Increase/decrease in marketable securities	-54,296	-14,844
-/+ Increase/decrease in other assets	-327	-119
+/- Increase/decrease in liabilities due to banks not ascribable to cash and cash equivalents	-5	-80
+/- Increase/decrease in trade payables	620	-571
+/- Increase/decrease in other liabilities	51,446	8,319
+ Interest and dividends received	1,432	1,026
- Paid interest	-292	-114
+ Refunded income tax	22	0
- Paid income tax	-309	-3,518
Cash flow from current business activity	-1,012	-13,759
+ Payments received from disposals of property, plant and equipment	131	386
- Payments made for investments in property, plant and equipment	-201	-380
+ Payments received from disposals of intangible assets	192	-58
- Payments made for investments in intangible assets	-257	-284
+ Payments received from disposals of financial assets	0	0
- Payments made for investments in financial assets	-290	0
Cash flow from investment activity	-425	-336
+ Payments received from equity allocations	0	0
-/+ Net change from purchases and sales of own shares	362	-54
- Dividend distributions	0	-3,753
Cash flow from financing activity	362	-3,807
Changes in cash and cash equivalents with an effect on payments	-1,075	-17,902
Net cash and cash equivalents at start of period	6,078	23,980
Net cash and cash equivalents at end of period	5,003	6,078
Composition of cash and cash equivalents		
Cash on hand	10,003	3,002
Overnight money in banks less overnight liabilities to banks	-5,000	3,075
	5,003	6,078

Lang & Schwarz Aktiengesellschaft, Düsseldorf

Consolidated Statement of Shareholders' Equity for the Period from 1 January to 31 December 2013

Figures in EUR	Subscribed capital	Surplus capital	Generated consolidated shareholders' equity		Own shares	Shareholders' equity of the parent company pursuant to consolidated balance sheet / consolidated shareholders' equity
	Common shares		Earnings reserves	Retained earnings		
As of 1/1/2012	9,438,000.00	9,327,813.37	111,105.07	7,136,213.03	0.00	26,013,131.47
Acquisition / redemption of own shares		128,050.81	-99,560.59	0.00	-82,257.00	-53,766.78
Paid dividends				-3,753,286.80		-3,753,286.80
Other changes						
- Transfer to earnings reserves			1,000,000.00	-1,000,000.00		0.00
- Other consolidated results				-185,597.37		-185,597.37
Consolidated net result			1,000,000.00	-1,185,597.37		-185,597.37
As of 12/31/2012	9,438,000.00	9,455,864.18	1,011,544.48	2,197,328.86	-82,257.00	22,020,480.52
As of 1/1/2013	9,438,000.00	9,455,864.18	1,011,544.48	2,197,328.86	-82,257.00	22,020,480.52
Acquisition / redemption of own shares		179,805.79	99,560.59	0.00	82,257.00	361,623.38
Other changes						
- Other consolidated results				993,794.23		993,794.23
Consolidated net result			0.00	993,794.23		993,794.23
As of 12/31/2013	9,438,000.00	9,635,669.97	1,111,105.07	3,191,123.09	0.00	23,375,898.13

"Auditor's Opinion"

We have audited the consolidated financial statements (consisting of a balance sheet, income statement, notes, cash-flow statement and statement of shareholders' equity) and the consolidated management report of Lang & Schwarz Aktiengesellschaft, Düsseldorf, for the financial year from 1 January to 31 December 2013. The preparation of consolidated financial statements and consolidated management report in accordance with the provisions of German commercial law and the supplementary provisions of the Articles of Association is the responsibility of the company's legal representatives. Our task is to issue an opinion of the consolidated financial statements and consolidated management report based on the audit we conducted.

We have conducted our audit of the consolidated financial statements in accordance with § 317 of the German Commercial Code with due regard to the German principles of orderly auditing of financial statements issued by the Institute of Public Auditors in Germany (IDW). In accordance therewith, the audit is to be planned and conducted so that inaccuracies and breaches which could have a significant effect on the presentation of the financial, liquidity, and earnings positions of the company as provided by the consolidated financial statements with due regard to the principles of orderly accounting (*GoB*) are detected with sufficient certainty. Knowledge of the business activity and of the economic and legal environment of the Group and the expectations regarding potential errors have been taken into account when determining the audit procedures. Within the framework of the audit, the validity of the accounting-related internal controlling system and the accuracy of the documentation for the information in the consolidated financial statements and consolidated management report have been assessed largely on the basis of random samplings. The audit encompasses the assessment of the annual financial statements of the companies integrated into the consolidated financial statements, the delimitation of the consolidated group, the applied accounting principles, the material estimates of the legal representatives as well as the overall presentation of the consolidated financial statements and the consolidated management report. We are of the opinion that our audit forms a sufficiently secure basis for our assessment.

Our audit did not lead to any objections.

According to our assessment based on the findings of our audit, the consolidated financial statements correspond to the provisions of law and the supplementary provisions of the Articles of Association and provide a true and fair view of the financial, liquidity and earnings position of the Group with due regard to the principles of orderly accounting (*GoB*). The consolidated management report is consistent with the consolidated financial statements, provides an accurate view of the Group's situation and accurately portrays the opportunities and risks associated with future development."

Berlin, 5 May 2014

Dohm ■ Schmidt ■ Janka
Revision und Treuhand AG
Wirtschaftsprüfungsgesellschaft

Dr. Wolfgang Janka
Auditor

Matthias Schmidt
Auditor

Consolidated Financial Statements as of 31 December 2012 (HGB)

Consolidated Management Report for Financial Year 2012

1. Group Business Activities

Lang & Schwarz is a financial group consisting of four Group companies, whose business activity is divided into three divisions.

The issue of derivative financial instruments with a focus on leverage products constitutes the main activity of the parent company, Lang & Schwarz Aktiengesellschaft as an operative holding company. These activities are consolidated into the Issuing Division within the Group. In total, Lang & Schwarz issued over 36,000 of its own products in 2012, corresponding to an increase of 20% over the previous year.

The different products of Lang & Schwarz Aktiengesellschaft are offered through the subsidiary Lang & Schwarz TradeCenter AG & Co. KG for trade, e.g. via TradeLink, on scoach or on the EUWAX. As of the final day of December 2012, Lang & Schwarz TradeCenter AG & Co. KG listed nearly 15,000 derivative financial instruments of Lang & Schwarz Aktiengesellschaft with a nexus to domestic and foreign stocks, indices, exchange rate relations, commodity prices or interest rates. Lang & Schwarz TradeCenter AG & Co. KG moreover provides trading prices for approx. 5,000 different stocks, funds, ETFs, ETCs and ETNs (ETPs) as well as bonds. This transpires every weekday from 7:30 a.m. to 11:00 p.m. and Saturdays from 10:00 a.m. to 1:00 p.m. and Sundays from 5:00 p.m. to 7:00 p.m. Via its partner banks, Lang & Schwarz TradeCenter AG & Co. KG reaches over 10 million private customers. The TradeCenter Division encompasses the market maker activity of Lang & Schwarz TradeCenter AG & Co. KG for the products of Lang & Schwarz Aktiengesellschaft and for other financial products offered for trading.

The wholly-owned subsidiary Lang & Schwarz Broker GmbH is a special bank dedicated to trade in securities and other financial instruments. The activities of this company are consolidated as the Financial Services Division. In addition to classic brokerage business, the bank also provides advice and service when going and being public, including IPO and corporate finance consulting. The service range of this division moreover includes order execution and the performance of stock trading services and the conduct of stock repurchase programs for publicly-traded companies. As a designated sponsor, Lang & Schwarz Broker GmbH also provides binding ask and bid prices on the XETRA electronic trading platform.

As a subsidiary of Lang & Schwarz Aktiengesellschaft, Lang & Schwarz Gate GmbH performs IT-related services largely for the Group companies.

2. Economic Growth and Framework Conditions

2.1. Economic Framework Conditions

Since mid-2011 huge adaptation processes in the euro area have been responsible for slowing global economic growth. The bursting of real estate bubbles, labor cuts and declining income have led to a deterioration in financing conditions within the economy. In addition, burdens arose from the turbulence related to government bonds. As a consequence, banks faced troubles. 2012 as a whole was accompanied by these framework conditions. 2012 on the stock markets was therefore firmly in the grip of the European sovereign debt crisis.

For the first time, the debt of a state in the eurozone, Greece, was classified as no longer sustainable, so a debt cut was undertaken. In March 2012, around 96% of creditors voluntarily waived their claims and exchanged their bonds for new ones with lower nominal values and longer terms. Creditors thus helped to significantly reduce the debt. Greece was thus able to meet a demand of the Troika (ECB, IMF and EU) to receive further monies to finance its budget. To increase the participation rate, further bond creditors were forced in accordance with Greek law to participate in swaps. According to the criteria of the large rating agencies, Greece thus fulfilled the conditions for payment default. As a consequence, the yields of Italian and Spanish bonds and other eurozone countries assessed to be "endangered" increased.

The yields of allegedly "safe" states, such as Germany, became negative for the first time contrary to the development of yields in the "endangered" states. Capital reacted by fleeing the eurozone. Coupled with this was increased volatility on the currency market. The Japanese Yen and the U.S. dollar appreciated sharply. Towards the end of 2012, fear of the debt situation in the United States, the expansive monetary policy of the Japanese central bank under the new Prime Minister Shinzō Abe and the resolute action of the ECB in the euro crisis led to a reversal of the trend.

Further consequences of the financial crisis include much more restrictive regulations of banks and other policy intervention in the markets. France, for example, introduced a global transaction tax on certain French securities. Italy then followed on 1 March 2013. The legal bases for the application of these national laws outside the sovereign territory of the levying nations remain unclear.

According to provisional estimates, the German economy lost steam in this tough environment in the course of 2012, so that real gross domestic product (GDP) is likely to have only creased by 0.7% over the previous year over the year as a whole. While growth of 2% was still expected at the start of 2012 for the first quarter of 2012, it is now assumed for the final quarter of 2012 that GDP has shrunk to -0.4%.

As a whole, the initial situation did not worsen for German industry compared to the previous year. To the contrary, assuming that the European debt crisis does not unexpectedly heat up and the measures taken to limit the risks in the weak euro countries will have sustained effect and that the price of oil does not rise sharply, a recovery of the framework conditions can be expected compared to the latest developments. Though impetus for growth from Asia is offset by weaker economic developments in the U.S., Great Britain and the eurozone, real GDP is expected to become animated for the German economy compared to the third and fourth quarter of 2012.

2.2. 2012 on the Stock Exchanges

Turnover on the stock exchanges sharply declined in 2012 from 2011. After EUR 1.51 trillion in 2011,¹⁰ merely EUR 1.16 trillion were turned over on the spot markets of the German stock exchanges in 2012. The DAX Index managed to increase by over 1,000 points from the start of the year until March 2012, before relinquishing the gain again by June 2012 with the exacerbation of the debt crisis. The statement of ECB head Mario Draghi on 26 July 2012 that they "would do everything necessary" to protect the euro triggered an upward trend on the markets, with the DAX ending the 2012 with a closing level of 7,655.88 or a gain of 26.01%. Internationally, the Dow Jones closed positively, up 5.7%, for the fourth year in a row.

In May 2012, the hype surrounding Web 2.0 reached hits apex with the IPO of Facebook. With great expectations, the stock was issued at a price of USD 38, though this price was not reached again in

¹⁰ According to Deutschen Börse AG

the further course of the year. The IPO business also gained steam in Germany with the initial listings of Telefónica Deutschland and Talanx after a long dry spell.

3. Business Performance in 2012

3.1. Issuing Division

Contrary to previous years, Lang & Schwarz Aktiengesellschaft was unable to set itself apart from the trend on the markets in the Issuing Division in financial year 2012. Consistent with the declining trading turnover in derivative products on the exchanges in Stuttgart (EUWAX) and Frankfurt (scoach), turnover and the number of transactions at Lang & Schwarz Aktiengesellschaft decreased from the previous year. Only reduced earnings could be earned from the reduced trading activity.

In 2012, Lang & Schwarz Aktiengesellschaft helped to realize as issuer the innovative concept of wikifolio Financial Technologies GmbH from Vienna. Theme certificates were issued on indexed growth of virtual portfolios. This drew great attention in the financial industry. The product was nominated for the derivative instrument Award in 2012. Over 350 different wikifolio certificates have meanwhile been issued. Over EUR 11 million have been invested in them to date.

3.2. TradeCenter Division

The product range for OTC trading was expanded again in 2012 through the extension of ETFs, ETCs and ETNs. Advertising campaigns were conducted for this in collaboration with partner banks. In addition to these products, reference could also now be made to a very comprehensive range of financial products in the TradeCenter Division. As a whole, as of the end of 2012, approx. 20,000 different products, including the Group's own products, were listed.

Still, the development of turnover in OTC trading could not be uncoupled from the general developments on the markets in 2012. Both turnover and the number of transactions thus decreased compared to the previous year.

With starting of the market making activities for wikifolio certificates in August 2012, Lang & Schwarz had entered new territory. Trading activities relating to these products broke down into trading in the products themselves and trading for ongoing adjustment of the necessary hedging portfolio for sold wikifolio certificates. We can thus profit from the successful business model in two ways. Lang & Schwarz is directly integrated into the cycle of products and their development. We are therefore highly satisfied with the development of the products and the business model.

3.3. Financial Services Division

With the slowdown of the economy in the course of 2012, hesitancy increased again among market players. While the activities of institutional investors in 2011 were still characterized by restraint, they came to nearly a complete standstill in the course of 2012.

The repeated heavy fluctuations to which market prices were exposed in 2012 could not induce investors to be more active. The sometimes giant price gains did not awaken any trust to invest in the markets. Instead, uncertainty grew in future developments as did skepticism that a clear trend would emerge. The Financial Services Division used this phase to expand new customer relations. In this environment, however, income declined again.

With 11 new issues and five initial listings, a total of 16 IPOs were carried out on the Frankfurt Stock Exchange¹¹ in 2012, just as many as in 2011. Of the 16 new issues or initial listings in 2012, 8 were attributable to measures on the regulated market and 8 on the open market. Despite the tough environment for new issues, the market showed its readiness in 2012, with EUR 2,376 million being placed in Frankfurt. In 2012 as well, we were able to collaborate in this segment in over 20 capital measures and initial listings. Our national and international mandates were supported again on different market places.

3.4. IT Services Division

Reachability for trades at all times and unimpeded access to the necessary trading systems and communications techniques are indispensable for the Lang & Schwarz Group. As an independent Group company, Lang & Schwarz Gate GmbH therefore provides highly specialized IT services for all

¹¹ According to Deutsche Börse AG

Group companies. As a result, it is warranted that know-how can be implemented in a target-oriented fashion for the Group's own needs.

3.5. Consolidated Earnings Situation

2012 was a difficult year for the corporate group of Lang & Schwarz Aktiengesellschaft. Trading volumes and the number of trades in all divisions decreased from the previous year. Despite measures to stipulate trading activity and to expand the base from which business activities can be acquired, this trend could not be significantly reduced, let alone turned around. Gross profit from business activity, composed of revenue, the cost of materials, write-offs of marketable securities and the interest result, decreased sharply by TEUR 15,517 or 66% to TEUR 7,944. In relation to the commissions result, gross profit dropped by TEUR 1,342 to TEUR 11. This also resulted from the changes made in financial year 2011 to commissions for trade turnover on the exchanges within the framework of order routing. Gross profit on the trading result, including write-offs of marketable securities, decreased by TEUR 14,300 to TEUR 8,011 ab. The interest result improved by 81% from TEUR -412 to TEUR -78.

Based on the reduced earnings possibilities, personal expenses decreased by TEUR 4,684 to TEUR 3,947. The reduction is attributable to the use of structuring options for variable compensation. Other operating expenses decreased only slightly by TEUR 410 to TEUR 4,435.

Results from ordinary operations amounted in financial year 2012 to TEUR 194, after TEUR 10,040 last year. Conditioned by the lower earnings, taxes on income decreased from TEUR 3,329 by TEUR 2,952 to TEUR 377. The consolidated net result was TEUR -186 after TEUR 6,707 the previous year.

3.6. Consolidated Liquidity Situation

The liquidity within the corporate group of Lang & Schwarz Aktiengesellschaft was sufficient at all times in the financial year just closed, warranting solvency at all times. As of the close of the year, short-term accounts receivable, other securities and liquid assets among current assets of TEUR 45,142 (previous year: TEUR 45,474) were offset by short-term liabilities and provisions and accrued liabilities of TEUR 24,699 (previous year: TEUR 21,029). Financial instruments of a short-term nature based on their fungibility are included in short-term liabilities despite their long residual terms in accordance with the internal controlling. This also applies to the warrants and certificates issued by Lang & Schwarz Aktiengesellschaft. On this basis, net cash and cash equivalents of TEUR 20,443 (previous year: TEUR 24,445) arise on the balance sheet.

Beyond the current consolidated equity resources of TEUR 22,020, the Group companies had sufficient resources available to finance their business activity even after financial year 2012 based on current agreements with the company bank HSBC Trinkaus & Burkhardt AG.

3.7. Consolidated Financial Situation

At TEUR 46,855, consolidated total assets slightly decreased from previous year's figure of TEUR 47,146 by merely TEUR 291. At TEUR 1,484, fixed assets remained nearly unchanged (previous year: TEUR 1,452). Notable changes arose only with respect to other securities and cash in banks. The equities, funds, ETFs, ETCs, ETNs and bonds held as current assets increased by TEUR 14,097 to TEUR 32,264. Cash in bank decreased to nearly the same degree from TEUR 26,110 by TEUR 14,310 to TEUR 11,800. Within the other assets, paid option premiums amounted to TEUR 594 after TEUR 196 the previous year.

On the liabilities side, provisions and accrued liabilities decreased from a total of TEUR 8,597 by TEUR 7,250 to TEUR 1,347. Accrued taxes thereby decreased from TEUR 3,331 to TEUR 145 and other provisions and accrued liabilities from TEUR 5,267 to TEUR 1,202. In particular, the reduction in other provisions and accrued liabilities relates to the variable salaries taken into account in the previous year.

Liabilities due to banks increased from TEUR 2,123 by TEUR 3,433 to TEUR 5,556. This essentially relates to trading portfolios on the liabilities side in equities, funds, ETFs, ETCs, ETNs that expanded over the previous year by TEUR 1,978. Other liabilities increased by TEUR 8,058 to TEUR 17,395, essentially due to the increased portfolios of sold own products of Lang & Schwarz Aktiengesellschaft from TEUR 7,659 by TEUR 8,460 to TEUR 16,119. Option premiums received decreased within the other liabilities from TEUR 1,054 to TEUR 524.

Consolidated shareholders' equity of TEUR 22,020 constitutes 47% of consolidated total assets. Equity decreased by TEUR 3,993 or 15%, essentially due to the dividend payment of TEUR 3,753 for financial year 2011.

As a whole, the financial situation of the corporate group of Lang & Schwarz Aktiengesellschaft is orderly.

4. Report on Events after the Balance Sheet Date

There were no events after the balance sheet date that could have an impact on the earnings, liquidity or financial situation of the Lang & Schwarz Group and are subject to reporting.

5. Risks

5.1. Risk Management

In their business segments, the Group companies of Lang & Schwarz Aktiengesellschaft undertake trades in financial instruments that are normally held in their own portfolios for short periods of time. These securities portfolios are hedged through counter-portfolios of the same type or through dynamic delta hedging. Dealing with risks, such as potential losses or lost profit, forms part of the general controlling by management for the corporate group of Lang & Schwarz Aktiengesellschaft as a whole. For this reason, prompt risk management is established as an early risk detection and controlling instrument with the involvement of all Group companies. The framework conditions for trading in financial instruments and the risk management system are formulated by management for the entire corporate group in the form of guidelines and work instructions (organizational instructions). The business and risk strategy anchored in the framework conditions is reviewed by management each year and establishes the type and scope of potential risk transactions in the individual Group business segments. Early detection, valuation, controlling and monitoring of risks are undertaken directly by management, with the support of Risk Controlling and Internal Auditing throughout the Group.

5.2. Types of Risks

Key risks from the business activity have been identified as follows: default risk, market price risk, liquidity risk and operational risk.

5.2.1. Default Risk

Default Risk is the risk that a contractual partner will not pay or will not pay on time or that the Group company will be obliged to render a performance to a contractual partner despite the non-performance of a third party. Default risk is divided into three sub-risks: credit risk, counterparty risk and issuer risk.

Credit risks relate to derivative and off-balance-sheet risks that are monitored through risk controlling of trades.

Of lesser significance are counterparty risks, which include the risks of the default or deterioration of the credit rating of a counterparty, because nearly all trades can be settled consecutively to performance.

As the risk of the default or deterioration in the credit rating of the issuer, issuer risk is countered through risk management of trades. Derivative and off-balance-sheet risks are monitored within the framework of market price risks. Moreover, potential risk concentrations are calculated and mitigated through analogous application of supervisory regulations.

To the extent the trading business is not affected, default risk is quantified based on the average losses from past periods. As of 31 December 2012 an amount of TEUR -20 was calculated for the corporate group of Lang & Schwarz Aktiengesellschaft.

5.2.2. Market Price Risk

Market price risks are general price changes in stocks, bonds, currencies and commodities through market movements. Market price risks include price risks, risks associated with interest rate changes, currency risks and market price risks from commodity transactions. Prices risks are defined as both risks from short-term market price fluctuations and liquidity risks based on the restricted tradeability of securities due to low trading volumes ("narrow-market" securities).

- Price risk from short-term market price fluctuations

Risks from short-term market price fluctuations or fluctuations of implicit volatility are calculated through a prompt risk controlling system. In order to limit risky portfolios, compliance with the trading limits prescribed by management is continuously monitored.

- Price risk through liquidity shortages

Liquidity risks in financial instruments are countered through the conscientious selection of the financial instruments traded within the Group. Risks are calculated analogous to the risks from short-term market fluctuations when ascertaining market price risks. Risks are also taken into account as price risks in the form of delayed liquidation possibilities that can arise from the deficit liquidity of products. These risks are taken into account within the framework of liquidity risks.

- Risk of interest rate changes in the trading business

Interest rate changes from the trading business exist for the enterprise with interest-rate products. Such risks limited through organizational instructions and promptly calculated and monitored by Risk Controlling.

- Currency risk in the trading business

Because Lang & Schwarz Aktiengesellschaft issues turbo-warrants on the development of exchange rates, currency risks can generally also exist from the trading business. These are limited through organizational instructions and promptly monitored by Risk Controlling.

All market price risks are monitored by trading independently based on portfolio and market price calculations and scenario analyses. Any limits overstepped in the course of the trading day are reported by Risk Controlling according to the guidelines and work instructions. Management moreover receives a daily report about the compliance with the trading limits at the end of each trading day. Stress tests scenarios simulate sharp fluctuations of price indicators and calculate potential effects on the results of the trading portfolio. Market price risks are calculated for the analysis of risk bearing capacity based on prescribed scenario models. The worst case results from the scenario matrix are used for the analysis of risk bearing capacity. A stress test result of TEUR - 1,040 was calculated as of year-end for the portfolio of the corporate group of Lang & Schwarz Aktiengesellschaft.

5.2.3. Liquidity Risks

Liquidity risks affecting the availability of liquid assets cannot be generally excluded for the corporate group of Lang & Schwarz Aktiengesellschaft. Based on the financial resources of the corporate group, such risks are viewed as minor. Nevertheless, the liquidity situation is monitored daily in an adequate fashion through internal procedures. Liquidity risks within the framework of the analysis of risk bearing capacity are taken into account by calculating an interest-rate shock. Interest expenses from preceding settlement periods form the basis for calculating interest-rate-shock scenarios. For this risk TEUR -366 was calculated Group-wide as of year-end.

The potential risk arising from delayed liquidation based on deficit liquidity in a securities portfolio is also calculated as liquidity risk. This risk is calculated based on the ratio of a securities portfolio to anticipated turnover on reference markets. The amount of TEUR -88 was calculated for this risk for the corporate group of Lang & Schwarz Aktiengesellschaft as of year-end. Based on the calculation of market price risks using stress scenarios, aligned risk amounts can arise from deficient liquidity of securities as in the calculation of the liquidity risks described here. These cumulative risk amounts are integrated and not eliminated.

5.2.4. Operational Risk

Based on its activity, the corporate group is subject to controlling by various supervisory authorities. In light of this, changes in law and supervisory regulations are just as relevant to the Group's future growth as are the continuously changing financial and market environment. Therefore, the Group companies monitor and analyze the framework conditions in order to plan the Group's successful development and implement the measures necessary to attain this. In this context, the following fields of risk have been identified and measures taken to mitigate and control risk:

- **Personnel**

Based on its specific business model, the Group depends on a sufficient number of qualified personnel. Successful personnel recruiting will remain a latent risk in coming financial years as well, but should not deteriorate compared to previous years. The Group is also endeavoring to provide employees further training and promotes the training of qualified junior staff. When employees in executive or managerial positions leave, a corporate group can experience a know-how deficit in specific cases. The Group seeks to counter this risk as feasible.

The remuneration of the employees within the corporate group of Lang & Schwarz Aktiengesellschaft and the financial holding group is treated uniformly, taking into account the provisions of the

Ordinance on Supervisory Requirements for the Compensation Systems of Institutes (*Institutsvergütungsverordnung - InstitutsVergV*). Based on the business model, the compensation system is designed not to provide any incentive to take on disproportionately high risks. The Management Board of Lang & Schwarz Aktiengesellschaft is responsible for designing the employee compensation system. In addition to fixed monthly remuneration, a variable component can be established by management. The payment of variable remuneration is voluntary, does not establish a legal claim on the part of the employees, and is generally linked to positive results from the predefined business segment, division or corporate group. When calculating the individual remuneration, quantitative and qualitative criteria are taken into account, such as the quality of the performance, the demand for the activity, the position within the enterprise, the years of affiliation with the enterprise and the assumption of special tasks. The compensation system for the Management Board is designed by the Supervisory Board of Lang & Schwarz Aktiengesellschaft. The same provisions generally apply to the Management Board. However, variable remuneration is calculated in accordance with bases of calculation that are agreed in writing. Reference is made to the further statements in these consolidated financial statements of Lang & Schwarz Aktiengesellschaft as of 31 December 2012.

- IT

The Group companies are dependent to a high degree on the operability and speed of the data-processing and communications systems. In order to warrant the availability of the systems, all core functionalities are designed in a redundant fashion. Lang & Schwarz has also protected itself against the loss of external power through an uninterruptible power supply and an emergency plan. To maintain and care for all relevant systems, employees from the IT Department of the Group company Lang & Schwarz Gate GmbH are available at all times.

- Market and stock exchange performance

Within the framework of its activity, the Group depends on the development of the securities and futures exchanges, as they influence the investment practices of market participants and thus the results of the trading portfolio. These risks are countered through active risk management.

- Risks from failure to achieve strategic goals or growth

A series of factors can jeopardize the achievement of goals, including market fluctuations, the altered position of the enterprise on the market or changed conditions on the core market (Germany). If the Group companies do not succeed in implementing their strategic plans or if the costs exceed expectations, future earnings power and competitiveness can be adversely affected. The corporate group of Lang & Schwarz Aktiengesellschaft might not be able to detect market tendencies or customer requirements in time or to continue to grow in the future as desired for other reasons. Deviations from strategy are reviewed within the framework of the annual risk analysis, as are the resulting effects on the Group's future performance.

- Competition risks

The German financial sector is characterized by intensive competition. Lang & Schwarz competes not only with financial services institutions but also with banks and other financial companies. As a consequence, the desired margins can often not be attained in some Group business segments. This risk is monitored by management and forms part of the daily monitoring of results and the annual risk analysis of the Group.

- Risk from results performance

An overview is prepared of daily results from trading activities. All positions not closed on the trading day in derivatives, securities or currencies are evaluated based on the mark-to-market method. Using the daily results overview, it is possible to undertake prompt controlling and analysis of results and to

observe results development. The self-developed limit controlling system helps to support improved monitoring of trading activity through an automated evaluation of all financial products independent of trading. The risk management system for trading risks continuously builds on this, adapting to current market developments.

At year-end, monthly estimates are made for the Group companies for the new financial year. The reconciliation of the estimated income and expenses with the actual business data provides an early indication of the business performance of the Group companies.

- Legal risks

Legal risks can arise through new legislative regulations, the amendment of existing provisions, altered interpretations of provisions or contractually vague formulations. The monitoring and controlling of these risks is assumed by the Group's Legal Department. To mitigate legal risks, the Legal Department reviews all contractual relations; if necessary legal advisory services are used. Moreover, to assure that orders for trades placed by phone are documented, calls from traders are recorded on sound storage media. Legal insurance is taken out to protect against the costs risks of litigation.

To finance the Phoenix indemnity case, EdW has taken out a loan from KfW in the amount of about EUR 130 million. The loan is to be repaid as of 2010 in annual tranches of approximately EUR 25 million. These tranches are to be rendered from the assets of EdW. Should the assets not suffice, EdW will have to attempt to procure the necessary resources through separate contributions from affiliated institutes—within the framework feasible for EdW and the enterprise. As of year-end 2010, Lang & Schwarz Aktiengesellschaft was no longer a member of EdW. Nevertheless, the future financial, liquidity and earnings situation of Lang & Schwarz Aktiengesellschaft could be influenced by payments of the subsidiaries Lang & Schwarz TradeCenter AG & Co. KG or Lang & Schwarz Broker GmbH to EdW. However, the potential effects of this cannot be determined at the present point in time.

- Miscellaneous Risks

Other operating risks are countered above all by taking out insurance policies. The Group decides on the type and scope of insurance coverage based on a commercial cost-benefit analysis. Despite intensive efforts, however, it is possible that losses will arise or claims will be lodged beyond the scope of the existing insurance protection or for which no insurance agreement can be concluded.

Operational risk is taken into account for the calculation of the Group's risk bearing capacity in accordance with the Solvency Ordinance (*Solvabilitätsverordnung; SolvV*; §§ 269 ff. thereof) through the basic indicator approach. In accordance therewith, operational risks arose as of year-end 2012 in the amount of TEUR -2,557 for the corporate group of Lang & Schwarz Aktiengesellschaft.

5.3. Risk Bearing Capacity

Risk bearing capacity is calculated in accordance with the going concern principle. For the corporate group of Lang & Schwarz Aktiengesellschaft and its subsidiaries, sufficient risk bearing capacity is given so long as sufficient potential exists to comply with the capital requirements pursuant to the Solvency Ordinance after deducting risk items. According to the above principle, both Lang & Schwarz Aktiengesellschaft and the corporate group of Lang & Schwarz Aktiengesellschaft had sufficient risk bearing capacity in the financial year and as of 31 December 2012.

6. Outlook

Reliable forecasts for future financial years are hardly possible in light of the constitution of national and international financial markets. Market year 2013 will likely be generally characterized by uncertain economic forecasts and in particular unresolved European sovereign debt and unforeseeable reactions of financial markets to the developments of European stability policy. With the spending cuts taking effect in the U.S. as a consequence of the legislative requirements from the "fiscal cliff," the prospects after 2012 are additionally blurred. Experts nonetheless see a possibility for a delayed but modest upswing in the euro area and a moderate expansion of the global economy.

The effects of the financial transactions tax in France and Italy and further key European countries are difficult to estimate. In addition to the sought burdens for financial market players who are being made jointly responsible for the banking crisis, the initiative of major European countries is to result in additional burdens for actors who have conformed to the markets. These damaging burdens for market-conform actors have not been sufficiently taken into account in the current drafts. As a result, negative effects on the market as a whole and the European financial places, particularly the German financial place, could arise.

The Issuing Division depends on the trust of investors in the tradeability of products, fairness in dealing with customers and integrity of the corporate group. We are broadly diversified in relation to the range of products offered and possess comprehensive know-how in all product types offered by us also in relation to the underlying transactions.

Irrespective of this, we are always open to innovations and are able to recognize creative ideas. Through the collaboration with wikifolio Financial Technologies GmbH and the development of this new and innovative form of theme certificates, much attention has been achieved for Lang & Schwarz. With these products, we have begun to expand the range of products in the issuing segment for long-term certificates. We see opportunities in the development of these products and the possibilities that can arise for trading activities in the issuing and TradeCenter segments. With the increase of monies invested in wikifolio certificates, more trading activity can result for the TradeCenter Division in addition to the increased attention for the Issuing Division and other issued products. Therefore, the development of this business model will be pursued further in 2013 together with wikifolio Financial Technologies GmbH. However, we are also open to other innovations and can contribute our know-how regarding innovative ideas.

We anticipate another challenging year for the Financial Services Division in stock market year 2013. Without the return of institutional investors, development possibilities will remain limited. This could conflict with the completed acquisition of new customers. However, the segment will remain decisively dependent on capital market players and their activities in the future as well.

By way of designated sponsoring, liquidity provision services are offered which entail inherent trading risks. Trustworthy service oriented on the interests of clients always results in interesting projects for the Going- & Being-Public segment, including IPO and corporate-finance consulting. After 2011, this was proven again in financial year 2012. As the primary contact partner for our designated sponsoring clients, we have the possibility to use our broad know-how to support our clients optimally in all questions relating to corporate finance advising. Overall, we thus achieved 10 capital market measures which we were able to settle as designated sponsoring mandates in 2012.

The building pressure by European supervisory authorities on the credit industry and the associated more stringent requirements for equity backing of credit risks can lead to a reduction of commercial lending in the credit industry. The initiatives for bond issues for small and mid-sized businesses could establish themselves as a viable alternative in 2012. After 2012, we see in this develop opportunities to obtain adequate refinancing sources for enterprises.

With respect to the opportunities and risks presented in the risk report concerning the Group's business activities, the development of the markets and stock exchanges is decisive for the development of the Group companies. Above-average price volatility alongside recognition of the current trend appears conducive and can obviously reveal more trading activities to market players. More trading activity can then lead to increased earnings possibilities in all divisions. A high degree of recognition for the Lang & Schwarz brand is necessary for Lang & Schwarz to draw attention to the services and products offered by the Group. We will therefore continue to carry out campaigns within the Group in collaboration with partner banks and to advertise the services of Lang & Schwarz. Moreover, we have made more efforts to place the Lang & Schwarz brand prominently with partner banks of the TradeCenter segment and in the financing industry. Based on these ongoing measures, we are assuming an improved presence for the Lang & Schwarz brand. Within the framework of these efforts, we also adjusted and launched our web presence at the start of 2013. As a whole, we view by way of these measures opportunities for better recognition with the resulting increased demand for the services of Lang & Schwarz.

Düsseldorf, 11 April 2013

The Management Board

André Bütow

Peter Zahn

Consolidated Balance Sheet as of 31 December 2012

Assets

	12/31/2012		12/31/2011
	EUR	EUR	EUR
A. Fixed assets			
I. Intangible assets			
Acquired franchises, trademarks, patents and similar rights and values and licenses to such rights and values	1,056,469.60		1,168,587.10
II. Property, plant and equipment			
Other equipment, fixtures, fittings and equipment	427,177.03		283,410.16
		1,483,646.63	1,451,997.26
B. Current assets			
I. Accounts receivable and other assets			
1. Trade receivables	246,814.44		277,120.07
2. Other assets	968,724.62		1,034,762.09
		1,215,539.06	1,311,882.16
II. Securities			
Other securities		32,264,303.95	18,166,982.64
III. Cash on hand and in bank		11,799,596.05	26,109,866.52
C. Deferred charges and prepaid expenses		92,057.38	105,333.25
		46,855,143.07	47,146,061.83

Liabilities

	12/31/2012		12/31/2011
	EUR	EUR	EUR
A. Shareholders' equity			
I. Subscribed capital	9,438,000.00		9,438,000.00
Notional value of acquired own shares	-82,257.00		0.00
		9,355,743.00	9,438,000.00
II. Surplus capital		9,455,864.18	9,327,813.37
III. Earnings reserves			
Other earnings reserves		1,011,544.48	111,105.07
IV. Retained earnings		2,197,328.86	7,136,213.03
		22,020,480.52	26,013,131.47
B. Provisions and accrued liabilities			
1. Accrued taxes	145,007.00		3,330,574.00
2. Other provisions and accrued liabilities	1,202,467.57		5,267,018.47
		1,347,474.57	8,597,592.47
C. Liabilities			
1. Liabilities due to banks	5,556,019.07		2,122,687.57
2. Trade payables	400,622.07		971,153.36
3. Other liabilities	17,394,763.84		9,337,122.89
thereof, for taxes			
EUR 749,375.98 (previous year: EUR 102,165.95)			
thereof, for social security			
EUR 3,786.60 (previous year: EUR 5,710.97)			
		23,351,404.98	12,430,963.82
D. Deferred income		135,783.00	104,374.08
		46,855,143.07	47,146,061.83

Consolidated Income Statement for the Period from 1 January to 31 December 2012

	01/01 - 12/31/2012		Previous Year
	EUR	EUR	EUR
1. Revenue		125,347,440.95	578,489,664.90
2. Other operating income		939,180.46	361,931.60
3. Cost of materials		-115,825,326.84	-552,147,161.75
		10,461,294.57	26,704,434.75
4. Personnel expenses			
a) Wages and salaries	-3,309,803.26		-8,029,328.23
b) Social security, pension and other benefit costs thereof, for pension EUR 71,310.86 (previous year: EUR 90,847.43)	-636,815.26		-601,308.89
		-3,946,618.52	-8,630,637.12
5. Amortization, depreciation and write-offs on intangible assets, property, plant and equipment		-307,682.88	-308,743.19
6. Other operating expensees		-4,434,779.81	-4,844,570.92
7. Other interest and similar income		36,298.61	190,572.77
8. Write-offs of marketable securities		-1,500,224.39	-2,468,443.36
9. Interest and similar expenses		-114,056.59	-603,057.61
10. Result from ordinary operations		194,230.99	10,039,555.32
11. Taxes on income	-376,808.20		-3,329,442.05
12. Other taxes	-3,020.16		3,592.48
		-379,828.36	-3,333,034.53
13. Consolidated net loss (previous year: consolidated net income)		-185,597.37	6,706,520.79
14. Profit carried forward from previous year		3,382,926.23	323,893.80
15. Difference from acquisition of own shares		0.00	105,798.44
16. Transfer to earnings reserves		-1,000,000.00	0.00
17. Retained earnings		2,197,328.86	7,136,213.03

13 Bases of Accounting

The consolidated financial statements of Lang & Schwarz Aktiengesellschaft as of 31 December 2012 were prepared, as in the previous year, in accordance with the general provisions of the German Commercial Code (*Handelsgesetzbuch; HGB*) for large corporations and the German Stock Corporation Act (*Aktiengesetzes; AktG*). They consist of a consolidated balance sheet, consolidated income statement (cost summary method), consolidated notes, consolidated cash flow statement and a Statement of Consolidated Shareholders' Equity. A Group management report was also prepared in accordance with § 315 of the German Commercial Code.

14 Accounting and Valuation Principles

The presentation and classification of the consolidated balance sheet and consolidated income statement correspond to the general requirements of the German Commercial Code for large corporations.

The provisions for capital, liabilities, expense and income consolidation were applied accordingly.

Intangible assets and property, plant and equipment are accounted for at the acquisition costs less scheduled use-related depreciation. Extraordinary depreciation is undertaken in cases of permanent reductions in value. Scheduled depreciation is undertaken on a straight-line basis. The useful life is 1 to 13 years. Additions of low-value items are fully written off, as permissible, in the year of acquisition and treated as disposals.

Accounts receivable and other assets (except for securities) are recorded at the nominal value with due regard to necessary allowances and liabilities at their fulfillment amounts. Foreign currencies are converted in application of the provisions in § 256a of the German Commercial Code.

To the extent financial instruments are integrated into valuation units, they are valued in accordance with the provisions of § 254 of the German Commercial Code. For portfolios in financial instruments not integrated into valuation units the current stock exchange and market prices are determined as of the balance sheet date. The valuation is then made with due regard to the imparity principle.

Accrued taxes and other provisions and accrued liabilities have been formed in the fulfillment amount necessary in accordance with a reasonable commercial assessment. As prescribed by law, long-term provisions and accrued liabilities are discounted at the interest rate in accordance with § 253(2) of the German Commercial Code as of the balance sheet date.

Deferred taxes in accordance with § 306 of the German Commercial Code are calculated as necessary; deferred taxes on the liabilities are offset with deferred taxes on the assets side. No use is made of the option in accordance with § 274(1), Sentence 2 as related to § 298 of the German Commercial Code.

Income and expenses before the balance sheet date are disclosed as deferred charges and prepaid expenses or deferred income, insofar as they represent income or expenses for a particular period after the balance sheet date.

The operative activity of Lang & Schwarz Aktiengesellschaft encompasses the issue of warrants and certificates and trade in these instruments for its own account. Risks arising based on the sold own warrants and certificates are hedged by counter products. The company earns trading profit by trading in these financial instruments and hedges from the difference between the purchase and sale prices. Based on the securities trading activity of the subsidiaries of Lang & Schwarz TradeCenter AG & Co. KG and Lang & Schwarz Broker GmbH, the same also applies to these companies. To properly present the income and expenses from the Group's trading activity and for purposes of comparison with the previous year, positive differences from the purchase and sale are disclosed under revenues and negative differences from the purchase and sale are disclosed under cost of materials.

The accounting and valuation methods applied to the consolidated financial statements as of 31 December 2011 were maintained.

15 Consolidated Group

As in the previous year, in accordance with § 290(1) of the German Commercial Code, Lang & Schwarz Aktiengesellschaft is the parent company of Lang & Schwarz TradeCenter AG & Co. KG, Düsseldorf, Lang & Schwarz Broker GmbH, Düsseldorf, and Lang & Schwarz Gate GmbH, Düsseldorf.

All subsidiaries are integrated in the consolidated financial statements in accordance with the provisions on full consolidation.

Name and Registered Office of Company	Capital Stock as of 12/31/2012 in nom. TEUR	Share of Lang & Schwarz Aktiengesellschaft as of 12/31/2012 as a %	
			in nom. TEUR
Lang & Schwarz Gate GmbH, Düsseldorf	500	100.0	500
Lang & Schwarz Broker GmbH, Düsseldorf	750	100.0	750
Lang & Schwarz TradeCenter AG & Co. KG, Düsseldorf	5,000	100.0	5,000

99.99% of the interest in Lang & Schwarz TradeCenter AG & Co. KG is held directly by Lang & Schwarz Aktiengesellschaft. The further 0.01% is held in trust for Lang & Schwarz Aktiengesellschaft by Lang & Schwarz Gate GmbH.

A control and profit and loss absorption agreement exists with Lang & Schwarz Gate GmbH, Düsseldorf, as of 31 December 2012.

16 Notes to the Consolidated Balance Sheet and Consolidated Income Statement

16.1 Residual Terms of the Accounts Receivable And Liabilities

Balance Sheet Items	12/31/2012 up to 1 year TEUR	12/31/2012 > 1 year TEUR	Previous year up to 1 year TEUR	Previous year > 1 year TEUR
Trade receivables	247	0	277	0
Other assets	831	138	920	115
	1.078	138	1.197	115

The residual terms of the balance sheet items: liabilities due to banks of TEUR 5,556, trade payables of TEUR 401 and other liabilities of TEUR 17,395 break down as follows:

Balance Sheet Items	12/31/2012 up to 1 year TEUR	12/31/2012 >5 years TEUR	Previous year up to 1 year TEUR	Previous year >5 years TEUR
liabilities due to banks	5,556	0	2,123	0
Trade payables	1,072	0	971	0
Other liabilities	5,170	12,159	4,389	4,889
	11,798	12,159	7,483	4,889

Under "cash in bank," TEUR 1,146 was disclosed in relation to a third bank which was pledged in favor of the company bank HSBC Trinkaus & Burkhardt AG.

TEUR 2,685 of the liabilities due to banks relate to balances on current bank accounts managed by HSBC Trinkaus & Burkhardt AG. Credit balances maintained on current accounts at this bank and securities portfolios were pledged for this purpose within the framework of a securities agreement.

16.2 Fixed Assets

The development of the fixed assets is presented in the consolidated statement of fixed assets (attached to these consolidated notes).

16.3 Own shares

As of 31 December 2012, 27,419 own shares were kept in portfolio. The development of own shares in 2012 is evident from the following overview:

	Share in Capital Stock in EUR	Share in Capital Stock as a %
0 units as of 31 December 2011	0	0.00
Purchases: 108,343 units at an average price of EUR 7.32 per unit	325,029	3.44
Sales: 80.924 units at an average price of EUR 9.14 per unit	-242,772	2.57
27,419 units as of 31 December 2012	82,257	0.87

The stock acquisitions were made for trading purposes.

16.4 Subscribed capital

The company's subscribed capital amounted in the reporting period in the reporting period unchanged to TEUR 9,438 and is divided into 3,146,000 no-par-value shares. The common shares are registered shares. As of the balance sheet date (31 December 2012), 27,419 own shares were held.

16.5 Surplus capital

Surplus capital amounted to TEUR 9,328 in the previous year. Through trade in own shares, surplus capital increased by TEUR 128 to TEUR 9,456.

16.6 Earnings reserves

Other earnings reserves contain changes based on trading in own shares. Moreover, based on a resolutions of the shareholders in general meeting on 29 August 2012 TEUR 1,000 from the net income from financial year 2011 (cf. "5. Proposed Application of Results for Financial Year 2012") was transferred to the earnings reserves.

16.7 Authorized and conditional capital

By resolution of the shareholders in ordinary general meeting on 31 August 2011, the Management Board was authorized to increase the capital stock of the company with the approval of the Supervisory Board until 30 August 2016 though the issue of up to 1,573,000 units of new no-par-value registered shares in return for cash or non-cash contributions one or more times by a maximum total of EUR 4,719,000.00 (Authorized Capital I).

The capital stock of the company was moreover conditionally increased by up to EUR 1,800,000.00, divided into up to 600,000 no-par-value registered shares. The conditional capital increase serves to grant conversion rights to holders of bonds with warrants (upon issue of subscription rights linked to bond holder rights) and/or share options (upon issue of ownership rights to subscription rights linked to new shares), which the Management Board was authorized to issue by resolution of the shareholders in general meeting on 15 October 1998 in connection with the modification of this resolution by the shareholders in general meeting on 25 July 2000 and by resolution of the shareholders in general meeting on 25 July 2000. This was only carried out insofar as use will be made of this subscription right.

16.8 Material Amounts of Certain Consolidated Balance Sheet Items

Other provisions and accrued liabilities essentially contain provisions and accrued liabilities for legal costs, auditing and consulting costs, and costs for outstanding invoices.

17 Miscellaneous Information

17.1 Off-Balance-Sheet Transactions and Other Financial Obligations

Based on current agreements, particularly rent and leasing agreements, payment obligations exist of TEUR 1,897.

Moreover, financial obligations can arise from the assumption of losses for Lang & Schwarz Aktiengesellschaft based on the profit and loss absorption agreement existing as of 31 December 2012 with the subsidiary Lang & Schwarz Gate GmbH. Within the framework of the credit agreement of Lang & Schwarz TradeCenter AG & Co. KG with HSBC Trinkaus & Burkhardt AG, it was agreed that assets of Lang & Schwarz Aktiengesellschaft held by the latter with HSBC Trinkaus & Burkhardt AG can be used to cover obligations of Lang & Schwarz TradeCenter AG & Co. KG based on trading activity in relation to HSBC Trinkaus & Burkhardt AG. Moreover, Lang & Schwarz Aktiengesellschaft issued to HSBC Trinkaus & Burkhardt AG an unlimited guarantee declaration for obligations of Lang & Schwarz TradeCenter AG & Co. KG. No reasons exist to assume potential recourse based on the aforementioned financial obligations in light of the business development of the subsidiaries.

Further information on transactions not contained on the balance sheet that is necessary for an assessment of the liquidity situation may be found under "17.2 Valuation Units in Accordance with § 254 of the German Commercial Code," insofar as such units relate to future portfolios held in portfolio for hedging purposes.

17.2 Valuation Units in Accordance with § 254 of the German Commercial Code

Lang & Schwarz Aktiengesellschaft discloses obligations from self-issued products and other transactions included as underlying transactions in valuation units in accordance with § 254 of the German Commercial Code. The obligations are disclosed under other securities in the amount of TEUR 3,781 and under other liabilities in the amount of TEUR 16,119. In addition to risks from the price fluctuation of indices in the amount of TEUR 7,324 (DAX, MDAX and SDAX) and from individual stocks and theme certificates in the amount of TEUR 11,559, the underlying transactions also contain risks from price fluctuations of commodities in the amount of TEUR 370 (gold, silver, platinum, palladium, copper, natural gas and crude oil), from the Bund future (TEUR 616) and from currency exchange rate relations (USD/EUR and GBP/EUR) of TEUR 30. Separate valuation units have been formed for these respective risks. All valuation units are depicted in the form of portfolio hedges.

Through the sale of own products for all the aforementioned types of risk, Lang & Schwarz Aktiengesellschaft enters open positions in relation to the underlying financial instruments (underlying transactions). These risks are hedged through suitable hedging instruments. The hedge is made through corresponding countertrades and/or within the framework of a dynamic delta hedge directly through counterpositions in the underlying transaction. This assures in relation to the individual risks that value and payment flows largely compensate each other. Hedging instruments are accounted for as follows broken down by the formed valuation units:

Valuation Units	Other securities	Other assets	Liabilities due to banks	Other liabilities	Pending contracts ²⁾
	TEUR	TEUR	TEUR	TEUR	TEUR

DAX ¹⁾ , MDAX and SDAX	13,865	594	786	524	-22,748
Individual stocks and theme certificates	10,973	-	290	-	-
Commodities ¹⁾	-	-	-	-	1,761
Bund futures ¹⁾	-	-	-	-	-30,421
Exchange rate relations ¹⁾	-	-	-	-	1,381

¹⁾ Futures portfolios are also included within the framework of hedging relations, the results of which are recorded with a direct effect on income and expenses in the amount of the variation margin.

²⁾ Contract amount multiplied by the exercise price (in the relevant currency)

The nexus between the underlying transaction and the hedging instrument exists for the period the underlying contract is held by the company. When the position from the self-issued products is closed, the hedges are closed.

Within the framework of the risk management system of Lang & Schwarz Aktiengesellschaft, the risks from the positions of the underlying transactions and the hedging instruments are monitored. For this purpose, a limit system is installed for the valuation units. The system monitors on a daily basis the risks taken on by the company broken down by share price, commodities, interest rate and exchange rate risks and calculates the utilization of the prescribed limits and reports the findings to the Management Board. Moreover, each day the effectiveness of the hedge relation is calculated in the form of a quantitative sensitivity analysis in accordance with the market-shift method. Reference is furthermore made to the statements on the risk management of Lang & Schwarz Aktiengesellschaft in the management report.

Results from the valuation units are computed in accordance with the gross hedge presentation method, wherein the market values from active markets are used for the disclosed financial instruments, if feasible. Should this not be possible, as in the case of option portfolios, the valuation is made using the Black-Scholes mathematical model or, in the case of American-style options using the Cox-Ross-Rubinstein model. The calculations of the mathematical models are based on interest rates, indices and underlying prices. The volatilities necessary for the calculations are derived as feasible from the products traded on the market. If necessary, alternative data or calculations are used.

17.3 Classification by Activity Areas or Geographic Markets

The corporate group of Lang & Schwarz Aktiengesellschaft undertakes securities trading transactions in all divisions and offers the related services. There are no markets that differ significantly geographically or in terms of their activities.

17.4 Names and Remuneration of Board Members

The **Management Board members** of Lang & Schwarz Aktiengesellschaft in financial year 2012 were:

Mr. André Bütow, Commercial Graduate, Neuss

Mr. Peter Zahn, Graduated Industrial Engineer (FH), Düsseldorf

Mr. Bütow is a member of the supervisory board of vwd Transaction Solutions AG, Frankfurt a. M.

The **Supervisory Board** of Lang & Schwarz Aktiengesellschaft was composed as follows in financial year 2012:

Mr. Jochen von Ciriacy-Wantrup from Friedberg, Banker, retired, Chairman

Mr. Aribert Lieske from Düsseldorf, Public Accountant, Vice Chairman

Mr. Thomas Schult from Hamburg, Banker at M.M.Warburg & CO KGaA in Hamburg

A disclosure of the **total remuneration of the Management Board** was forgone in application of § 286(4) of the German Commercial Code.

The **total remuneration of the Supervisory Board** of Lang & Schwarz Aktiengesellschaft is determined in accordance with the resolution of the shareholders in general meeting on 20 June 2007. As a whole, the total remuneration for financial year 2012 amounts to TEUR 149.

17.5 Auditor's Fees

The total fees charges in the financial year amounted to TEUR 99 for the auditing of the annual financial statements and TEUR 4 for other certifications. TEUR 3 was subsequently charged in the reporting period for the total auditing fees considered in the previous year of TEUR 95.

17.6 Notices on the Existence of Investments in Lang & Schwarz Aktiengesellschaft

As far as is known to the company, a stake is held by M.M.Warburg & CO Gruppe KGaA, which, together with a further Group companies, owns more than one-quarter of Lang & Schwarz Aktiengesellschaft.

17.7 Staff

In 2012, 50 persons were employed within the corporate group of Lang & Schwarz Aktiengesellschaft on quarterly average (including two Management Board members). As of the balance sheet date, 49 persons (including two Management Board members) were employed:

	12/31/2012	
	male	female
Management Board	2	0
Employees	39	8

17.8 Publication

The consolidated financial statements as of 31 December 2012 and the 2012 consolidated management report and further documents in accordance with § 325(3) of the German Commercial Code for financial year 2012 will be submitted for publication in the *Bundesanzeiger*.

18 Proposed Application of Results for Financial Year 2012

	EUR	EUR
2012 consolidated net income		-185,597.37
Profit carried forward as of 31 December 2011	7,136,213.03	
Dividends distributed in 2012 (EUR 1.20 per common share)	-3,753,286.80	
Transfer to earnings reserves pursuant to the shareholder resolution of 29 August 2012	-1,000,000.00	
Profit carried forward		2,382,926.23
Retained earnings as of 31 December 2012		2,197,328.86

The Management Board plans to propose to the shareholders of Lang & Schwarz Aktiengesellschaft in general meeting on 17 July 2013 in Düsseldorf to carry the retained earnings of Lang & Schwarz Aktiengesellschaft forward to the new account.

Düsseldorf, 11 April 2013

The Management Board

André Bütow

Peter Zahn

Consolidated Statement of Fixed Assets for the Period from 1 January to 31 December 2012

	Historical Acquisition Costs					Cumulative Depreciation				Residual Book Values	
	1/1/2012	Additions	Disposals	Transfer	12/31/2012	1/1/2012	Additions	Disposals	12/31/2012	12/31/2012	Previous Year
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets											
1. Software	2,708,205.45	85,768.48	0.00	26,239.50	2,820,213.43	1,565,857.85	197,885.98	0.00	1,763,743.83	1,056,469.60	1,142,347.60
2. Advance payments rendered	26,239.50	0.00	0.00	-26,239.50	0.00	0.00	0.00	0.00	0.00	0.00	26,239.50
	<u>2,734,444.95</u>	<u>85,768.48</u>	<u>0.00</u>	<u>0.00</u>	<u>2,820,213.43</u>	<u>1,565,857.85</u>	<u>197,885.98</u>	<u>0.00</u>	<u>1,763,743.83</u>	<u>1,056,469.60</u>	<u>1,168,587.10</u>
II. Property, plant and equipment											
1. Fixtures, fittings and equipment	3,091,451.91	172,644.62	536,266.34	0.00	2,727,830.19	2,886,313.75	85,275.62	520,308.21	2,451,281.16	276,549.03	205,138.16
2. Installations	118,593.50	93,497.94	0.00	0.00	212,091.44	53,830.50	13,690.94	0.00	67,521.44	144,570.00	64,763.00
3. Low value items/LVI collective account	37,417.92	3,693.33	3,693.33	0.00	37,417.92	23,908.92	10,830.34	3,379.34	31,359.92	6,058.00	13,509.00
	<u>3,247,463.33</u>	<u>269,835.89</u>	<u>539,959.67</u>	<u>0.00</u>	<u>2,977,339.55</u>	<u>2,964,053.17</u>	<u>109,796.90</u>	<u>523,687.55</u>	<u>2,550,162.52</u>	<u>427,177.03</u>	<u>283,410.16</u>
	<u>5,981,908.28</u>	<u>355,604.37</u>	<u>539,959.67</u>	<u>0.00</u>	<u>5,797,552.98</u>	<u>4,529,911.02</u>	<u>307,682.88</u>	<u>523,687.55</u>	<u>4,313,906.35</u>	<u>1,483,646.63</u>	<u>1,451,997.26</u>

Cash-Flow Statement for the Period from 1 January to 31 December 2012

	1/1 - 12/30/2012	Previous year
	TEUR	TEUR
Consolidated net income before tax	191	10,036
Items with no effect on payments contained in the consolidated net income and transfer to the cash flow from operating activity		
+/- Write-offs/-ups on property, plant and equipment and intangible assets	308	309
+/- Increase/decrease in provisions and accrued liabilities (not including accrued taxes)	-4,064	2,804
+/- Other expenses/income with no effect on payments	-227	2,382
-/+ Profit/loss from the disposal of fixed assets	-4	0
+/- Other adjustments	0	-54,470
Subtotal	-3,796	-38,939
Change in assets and liabilities after correction for non-cash-effective components		
-/+ Increase/decrease in accounts receivable from banks not ascribable to cash and cash equivalents	-69	-24
-/+ Increase/decrease in trade receivables	7	12
-/+ Increase/decrease in marketable securities	-14,844	34,110
-/+ Increase/decrease in other assets	-119	1,240
+/- Increase/decrease in liabilities due to banks not ascribable to cash and cash equivalents	-80	-513
+/- Increase/decrease in trade payables	-571	352
+/- Increase/decrease in other liabilities	8,319	-10,248
+ Received interest and dividends	1,026	55,093
- Paid interest	-114	-603
+ Refunded income tax	0	0
- Paid income tax	-3,518	-1,550
Cash flow from current business activity	-13,759	38,930
+ Payments received from disposals of property, plant and equipment	386	-57
- Payments made for investments in property, plant and equipment	-380	-3
+ Payments received from disposals of intangible assets	-58	0
- Payments made for investments in intangible assets	-284	-107
+ Payments received from disposals of financial assets	0	0
Cash flow from investment activity	-336	-167
+ Payments received from equity allocations	0	0
-/+ Net change from purchases and sales of own shares	-54	913
- Dividend distributions	-3,753	-1810
Cash flow from financing activity	-3,807	-897
Changes in cash and cash equivalents with an effect on payments	-17,902	37,866
Net cash and cash equivalents at start of period	23,980	-13,886
Net cash and cash equivalents at end of period	6,078	23,980
Composition of cash and cash equivalents		
Cash on hand	3,002	2
Overnight credit balances in banks less overnight liabilities to banks	3,075	23,978

Consolidated Statement of Shareholders' Equity from the Period from 1 January to 31 December 2012

Figures in EUR	Subscribed capital	Surplus capital	Generated consolidated shareholders' equity		Own shares	Shareholders' equity of the parent company pursuant to consolidated balance sheet / consolidated shareholders' equity
	Common shares		Earnings reserves	Retained earnings		
As of 1/1/2011	9,438,000.00	9,038,129.91	0.00	2,133,799.63	-406,896.00	20,203,033.54
Acquisition / redemption of own shares		289,683.46	111,105.07	105,798.44	406,896.00	913,482.97
Paid dividends				-1,809,905.83		-1,809,905.83
Other changes						
- Other consolidated net result				6,706,520.79		6,706,520.79
Consolidated net result				6,706,520.79		6,706,520.79
As of 12/31/2011	9,438,000.00	9,327,813.37	111,105.07	7,136,213.03	0.00	26,013,131.47
As of 1/1/2012	9,438,000.00	9,327,813.37	111,105.07	7,136,213.03		26,013,131.47
Acquisition / redemption of own shares		128,050.81	-99,560.59	0.00	-82,257.00	-53,766.78
Paid dividends				-3,753,286.80		-3,753,286.80
Other changes						
- Transfer to earnings reserves			1,000,000.00	-1,000,000.00		0.00
- Other consolidated net result				-185,597.37		-185,597.37
Consolidated net result			1,000,000.00	-1,185,597.37		-185,597.37
As of 12/31/2012	9,438,000.00	9,455,864.18	1,011,544.48	2,197,328.86	-82,257.00	22,020,480.52

"Auditor's Opinion

We have audited the consolidated financial statements (consisting of a balance sheet, income statement, notes, cash-flow statement and statement of shareholders' equity) and the consolidated management report of Lang & Schwarz Aktiengesellschaft, Düsseldorf, for the financial year from 1 January to 31 December 2012. The preparation of consolidated financial statements and consolidated management report in accordance with the provisions of German commercial law is the responsibility of the company's legal representatives. Our task is to issue an opinion of the consolidated financial statements and consolidated management report based on the audit we conducted.

We have conducted our audit of the consolidated financial statements in accordance with § 317 of the German Commercial Code with due regard to the German principles of orderly auditing of financial statements issued by the Institute of Public Auditors in Germany (IDW). In accordance therewith, the audit is to planned and conducted so that inaccuracies and breaches which could have a significant effect on the presentation of the financial, liquidity, and earnings positions of the company as provided by the consolidated financial statements with due regard to the principles of orderly accounting (*GoB*) are detected with sufficient certainty. Knowledge of the business activity and of the economic and legal environment of the Group and the expectations regarding potential errors have been taken in account when determining the audit procedures. Within the framework of the audit, the validity of the accounting-related internal controlling system and the accuracy of the documentation for the information in the consolidated financial statements and consolidated management report have been assessed largely on the basis of random samplings. The audit encompasses the assessment of the annual financial statements of the companies integrated into the consolidated financial statements, the delimitation of the consolidated group, the applied accounting principles, the material estimates of the legal representatives as well as the overall presentation of the consolidated financial statements and the consolidated management report. We are of the opinion that our audit forms a sufficiently secure basis for our assessment.

Our audit did not lead to any objections.

According to our assessment based on the findings of our audit, the consolidated financial statements correspond to the provisions of law and provide a true and fair view of the financial, liquidity and earnings position of the Group with due regard to the principles of orderly accounting (*GoB*). The consolidated management report is consistent with the consolidated financial statements, provides an accurate view of the Group's situation and accurately portrays the opportunities and risks associated with future development."

Berlin, 25 April 2013

Dohm ■ Schmidt ■ Janka
Revision und Treuhand AG
Wirtschaftsprüfungsgesellschaft

Dr. Wolfgang Janka
Auditor

Matthias Schmidt
Auditor

Semi-Annual Financial Statements as of 30 June 2014 (HGB)

Lang & Schwarz Aktiengesellschaft, Düsseldorf**Consolidated Interim Management Report for the Period
from 1 January to 30 June 2014****1. Business Activities of the Group**

Lang & Schwarz is a financial group consisting of four Group companies, whose business activity is divided into three divisions.

The issue of derivative financial instruments with a focus on leverage products constitutes the main activity of the parent company, Lang & Schwarz Aktiengesellschaft as an operative holding company. These activities are consolidated into the Issuing Division within the Group.

The different products of Lang & Schwarz Aktiengesellschaft are offered through the subsidiary Lang & Schwarz TradeCenter AG & Co. KG for trade (e.g. via TradeLink) on the EUWAX or off the exchange. As of the final day of June 2014, Lang & Schwarz TradeCenter AG & Co. KG listed derivative financial instruments of Lang & Schwarz Aktiengesellschaft with a nexus to domestic and foreign stocks, indices, exchange rate relations, commodity prices or interest rates. Lang & Schwarz TradeCenter AG & Co. KG moreover provides trading prices for different stocks, funds, ETFs, ETCs and ETNs (ETPs) as well as bonds. This transpires every weekday from 7:30 a.m. to 11:00 p.m. and Saturdays from 10:00 a.m. to 1:00 p.m. and Sundays from 5:00 p.m. to 7:00 p.m. Via its partner banks, Lang & Schwarz TradeCenter AG & Co. KG reaches over 15 million private customers. The TradeCenter Division encompasses the market maker activity of Lang & Schwarz TradeCenter AG & Co. KG for the products of Lang & Schwarz Aktiengesellschaft and for further financial products offered for trade.

The wholly-owned subsidiary Lang & Schwarz Broker GmbH is a special bank dedicated to trade in securities and other financial instruments. The activities of this company are consolidated as the Financial Services Division. In

addition to classic brokerage business, the bank also provides advice and service when going and being public, including IPO and corporate finance consulting. The service range of this division moreover includes order execution and the performance of stock trading services and the conduct of stock repurchase programs for publicly-traded companies. As a designated sponsor, Lang & Schwarz Broker GmbH also provides binding ask and bid prices on the XETRA electronic trading platform.

As a subsidiary of Lang & Schwarz Aktiengesellschaft, Lang & Schwarz Gate GmbH performs IT-related services largely for the Group companies.

2. Economy as of the First Half of 2014**2.1. Economic Framework Conditions**

As a whole, the capital market environment and the financial sector have been largely stable in the first half of 2014, which is attributable to the very strong economic environment in the first quarter of 2014. The German domestic economy generally profited from this, as did the labor market. However, the business climate weakened in the course of the second quarter of 2014 according to the ifo Business Climate Index for industry in Germany after the sharp increase in the first quarter of 2014.

2.2. Framework Conditions for the Business Activity

Despite the largely turbulent development on the stock market, the lead German index was able to sharply increase as of mid-April 2014 after a weak phase in March 2014. The DAX Performance Index reached new highs in June 2014 and an all-time high at 10,050 points in July 2014. Coupled with the worsening forecasts for domestic industry and the euro area as well as geopolitical tensions with the renewed Ukrainian crisis and the conflict in Iraq and with the ISIS terrorists, stock prices broadly decreased at the start of the third quarter of 2014, marking the lowest point of the DAX in 2014 at a level of 8,903 points.

Together with price fluctuations in the first quarter of 2014, the trading volume increased over the same quarter from the previous year. While Lang & Schwarz was able to continue this trend in the second quarter of 2014, the spot market revenue from the German exchanges declined in the second quarter of 2014 compared to the same quarter of last year.¹

As a whole, 7 IPOs were carried out on the German stock exchange in the first half of 2014, five of which were new issues with placement volumes totaling around EUR 734 million. Two measures were initial listings on the Regulated Market of the Frankfurt Stock Exchange.

2.3. Business Performance in the First Half of 2014

Certain ratios and individual variables are critical for the Group's performance. These are called key performance indicators (financial and non-financial). As key figures of the Group, they are observed, calculated and related to other values or developments. The following overview presents the key performance indicators for the corporate group of Lang & Schwarz Aktiengesellschaft:

		6/2014	6/2013
Result from trading activity ²	TEUR	9,772	5,331
Administrative expenses ³	TEUR	5,878	4,682
Result from ordinary operations	TEUR	3,685	494
Liabilities from sold own derivative products	TEUR	115,249	26,814
Issues in the first half	number	10,752	15,082
Trading volume	number	up	up
Designated sponsoring mandates	number	22	21
Accompanied capital measures	number	6	8
Shareholders' equity on the balance sheet	TEUR	25,820	21,779
Group employees (cutoff date)	number	47	47
— Additions in the reporting period	number	0	0
— Departures in the reporting period	number	0	0

The result from trading activity reflects the earnings performance from operating activity. It is reported internally as a daily, monthly, quarterly and annual figure for the company and the Group. Together with the administrative expenses as the largest

block of fixed costs and the earnings before taxes, these figures represent the key financial performance indicators for Lang & Schwarz Aktiengesellschaft. Contingent on the result from trading activity and earnings before taxes, changes in administrative expenses can arise through the compensation system within the corporate group of Lang & Schwarz Aktiengesellschaft. Reference is made at this point to the section of this management report on compensation.

Liabilities from sold own derivative products reflect the status of the own products in circulation in euro. As an indicator, this figure can reflect the propensity of investors to acquire products of Lang & Schwarz Aktiengesellschaft. However, the amount is subject to natural fluctuation that can be caused by products not always being reissued to the same degree at all times, as their terms expire or they lapse due to market changes. It is therefore not possible to make a direct derivation from the change in the amount. Deeper internal analyses are thus made for this purpose. The number of products issued in the financial year is integrated. As a result of the change in issuing behavior described under Item 2.3 of the 2013 management report (Business Performance in 2013), this figure declined from the same period of the previous year.

The number of trades carried out in the financial year provides insight into the possibility of generating trading income. These figures are therefore developed by management at regular intervals.

The number of designated sponsor mandates can represent a measure of the acceptance of liquidity provision services. The figure is therefore reported on an ongoing basis. This field also provides indications about Corporate Action services, the number and type of which are reported and can likewise serve as a measure of the demand for the provision of high-quality advice by Lang & Schwarz Broker GmbH.

As a liability figure, the shareholders' equity on the balance sheet represents a key indicator, the development of which is also of crucial significance for shareholders of Lang & Schwarz Aktiengesellschaft.

¹ According to Deutsche Börse AG

² Total from revenue, cost of materials, interest result and write-offs of marketable securities

³ Personnel expenses plus other operating expenses

The employees in the corporate group of Lang & Schwarz Aktiengesellschaft represent a significant factor for sustained success and the continuous further development of the Group. Well trained employees are the basis for success-oriented, efficient and process-oriented work in normally very rapid trades and their smooth processing and ongoing risk-oriented monitoring. High fluctuation can work against sustained success. This is therefore measured and reported internally.

2.3.1. Performance by Division

2.3.1.1. Issuing Division

The results from the first half of 2014 from revenue, cost of materials and the valuation result from the securities portfolio were able to be increased sharply over the first half of 2013 at TEUR 4,931 (previous year: TEUR 3,086).

Theme certificates issued on virtual portfolios of wikifolio Financial Technologies GmbH developed positively. As a whole, over 1,400 different products have been issued.

2.3.1.2. TradeCenter Division

Revenue in OTC trading increased significantly in the first quarter of 2014. In the second quarter of 2014, revenue in the second quarter was still sharp, though not to the same degree. We assess to be a great success that Deutsche WertpapierService Bank AG (dwpbank) selected Quotrix as a new trading place for certain best execution orders of the affiliated public savings banks (*Sparkassen*). Based on the market maker activity of Lang & Schwarz on Quotrix, around 5 million further customer securities deposits of the savings banks affiliated with dwpbank were able to be acquired as potential customers for securities transactions.

The results from revenue, the cost of materials and the valuation result for the securities portfolio managed to be improved in this environment over the comparable period from last year by TEUR 639 from TEUR 1,311 to TEUR 1,950.

2.3.1.3. Financial Services Division

The Financial Services Division and the classical brokerage business were not able to register any improvements. The market environment remains tough and the acquisition of order volumes from which income can be generated lag behind the possibilities. This applies to the same degree for consulting and support relating to going and being public, including IPO and corporate-finance consulting, where heavy competition continues to reign alongside low earnings potential due to low number of transactions.

With a result from revenue, the cost of materials and the valuation result for the securities portfolio of TEUR 625, the company was unable to hook up with success from the previous year (TEUR 1,123).

2.3.1.4. IT Services Division

Reachability for trades at all times and unimpeded access to the necessary trading systems and communications techniques are indispensable for the Lang & Schwarz Group. As an independent Group company, Lang & Schwarz Gate GmbH therefore provides highly specialized IT services for all Group companies. As a result, it is warranted that know-how can be implemented in a target-oriented fashion for the Group's own needs.

2.3.2. Consolidated Earnings Situation

Generally rising trading volumes and increasing stock prices in the course of the first half of 2014 have helped Lang & Schwarz to expand its earnings possibilities. But even beyond the general trend, Lang & Schwarz was able to generate rising trading volumes from the successful activities relating to wikifolio open-ended certificates and the connection of dwpbank to the Quotrix Trading System. At the same time, earnings potential managed to be further expanded. Gross profit from business activity (revenue plus cost of materials, interest result and write-offs of marketable securities) increased by over 80% from TEUR 5,251 to TEUR 9,606. Administrative expenses increased underproportionately to the increase in earnings by 50% overall or TEUR -1,196. The increase was largely due to consideration of variable salary components. The result from ordinary operations was thus able to be significantly improved by TEUR 494 to TEUR 3,685.

Coupled with the improvement in earnings, taxes on income increased from TEUR -336 by TEUR -901 to TEUR -1,237. In total, consolidated net income was able to be earned in the first half of 2014 in the amount of TEUR 2,444. Compared to the first half last year, this represents an increase of TEUR 2,290.

2.3.3. Consolidated Liquidity Situation

The liquidity within the corporate group of Lang & Schwarz Aktiengesellschaft was sufficient at all times in the first half of 2014 just closed, warranting solvency at all times. As of 30 June 2014, short-term accounts receivable, other securities and liquid assets among current assets of TEUR 182,505 (previous year: TEUR 126,153) were offset by short-term liabilities and provisions and accrued liabilities of TEUR 158,967 (previous year: TEUR 104,426). Financial instruments of a short-term nature based on their fungibility are included in short-term liabilities despite their long residual terms in accordance with the internal controlling. This also applies to the options and certificates issued by Lang & Schwarz Aktiengesellschaft. On this basis, net cash and cash equivalents of TEUR 23,538 (previous year: TEUR 21,727) arise on the balance sheet.

Beyond the current consolidated equity resources of TEUR 25,820, the Group companies had sufficient resources available to finance their business activity even after the first half of 2014 based on current agreements with the company bank HSBC Trinkaus & Burkhardt AG.

2.3.4. Consolidated Financial Situation

Consolidated total assets as of 30 June 2014 amounted to TEUR 184,882, thus increasing TEUR 56,976 over 31 December 2013. This was attributable on the assets side essentially to an increase in the securities of TEUR 58,998 to TEUR 146,426. The increase in other assets of TEUR 18,150, which was essentially due to the increase in options from TEUR 921 to TEUR 14,817, contrasted with a decrease in the balance sheet item cash on hand and in bank from TEUR 36,890 by TEUR 21,058 to TEUR 15,832.

On the liabilities side, other liabilities increased from TEUR 69,177 by TEUR 54,690 to TEUR 123,868. This was largely attributable to the expansion of the sold own options and certificates from TEUR 69,064 by TEUR 46,185 to TEUR 115,249 and the disclosed acquired options, which increased by TEUR 4,458. Shareholders' equity of TEUR 25,820 constitutes 14% of liabilities based on the increased total assets.

The performance indicators developed positively in the first half of 2014, having a favorable effect on the earnings, liquidity and financial situation as a whole. The financial, liquidity and earnings situation of the corporate group of Lang & Schwarz Aktiengesellschaft is orderly as a whole.

3. Compensation

The remuneration of the employees within the corporate group of Lang & Schwarz Aktiengesellschaft and the financial holding group is treated uniformly for all Group companies, taking into account the provisions of the Ordinance on Supervisory Requirements for the German Compensation Systems of Institutes (*Institutsvergütungsverordnung - InstitutsVergV*). Compliance with the legal regulations is reviewed annually by the Management Board, the Supervisory Board and our independent auditors during the audits of the annual financial statements.

The Management Board of Lang & Schwarz Aktiengesellschaft is responsible for designing the Group employee compensation system. In addition to fixed monthly remuneration, a variable component can be established by management to provide positive performance incentives. The payment of variable remuneration is voluntary, does not establish a legal claim on the part of the employees, and is generally linked to positive results from the predefined business segment, division or corporate group. When calculating the individual remuneration, quantitative and qualitative criteria are taken into account, such as the quality of the performance, the demand for the activity, the position within the enterprise, the years of affiliation with the enterprise and the assumption of special tasks. The compensation system for the Management Board is

designed by the Supervisory Board of Lang & Schwarz Aktiengesellschaft. The same provisions generally apply to the Management Board. However, variable remuneration is calculated in accordance with bases of calculation that are agreed in writing.

4. Report on Events after the Balance Sheet Date

There were no events after 30 June 2014 that could have an impact on the earnings, liquidity or financial situation of the Lang & Schwarz Group and are subject to reporting.

5. Risks

5.1. Risk Management

We commented in detail on the opportunities and risks and the management thereof in our consolidated financial statements as of 31 December 2013. We refer to those statements, which are still valid, also with respect to these consolidated semi-annual financial statements.

5.2. Risk Bearing Capacity

Risk bearing capacity is calculated in accordance with the going concern principle. For the corporate group of Lang & Schwarz Aktiengesellschaft and its subsidiaries, sufficient risk bearing capacity is given so long as sufficient potential exists to comply with the minimum capital requirements pursuant to the applicable Solvency Ordinance after deducting risk items. According to this principle, the corporate group of Lang & Schwarz Aktiengesellschaft had sufficient risk bearing capacity as of 30 June 2014.

6. Forecast and Opportunities

We still adhere to our statements in the Forecast and Opportunities section of the 2013 consolidated management report. In addition to recovery trends in the euro area, other risks exist which could counter a positive outlook. The national and international financial markets depend decisively on these opportunities and risks. As explained previously in the risk report, opportunities and risks for the Group's business activities depend on the development of the markets and stock exchanges. It is therefore hardly possible (qualitatively and quantitatively) to make reliable forecasts for future financial years.

The low interest rate policy of the European Central Bank (ECB) continued in the first half of 2014 as expected. Equities markets were able to profit sharply from this. As a result of geopolitical tensions, however, economic forecasts and the Ifo Business Climate Index have meanwhile weakened. In conjunction with the anticipated low economic growth and the rising risk of price drops due to the sustained sharp price gains, sharp declines arose on the equities markets in July and August 2014. Volatility on the markets increased significantly, with simultaneously high trading volumes for market maker activities at various trading places we support. Whether this increased trading volume can continue to be achieved and the resulting earnings opportunities derived can currently not be foreseen, as this largely depends on further market developments.

Opportunities for increased trading volumes are associated with the connection of dwpbank to Lang & Schwarz based on the forwarding of best execution orders to Quotrix. As a key clearing house for the Sparkassen, dwpbank services around 5 million customer securities deposits, which can now use the market maker services of Lang & Schwarz via Quotrix for certain order types.

The risks explained in the 2013 consolidated management report in relation to a European financial transaction tax, which could be introduced in France and Italy and further key European countries in the form of increased collaboration, have not changed.

With the issue of derivative products, Lang & Schwarz Aktiengesellschaft enjoys a strong business segment, which continues to represent one of the key segments in the Group. The segment was able to be further expanded in 2014. Efforts in the interest of customers to maintain the high level achieved and to expand it as feasible remain a prominent goal to be pursued.

With our participation in the capital measure of wikifolio Financial Technologies GmbH in the second quarter of 2014, we reinforced our interest in continuing the business collaboration with wikifolio. We plan to decisively support the company's expansion activities.

Though the spot market revenue of Deutsche Börse AG increased in the first quarter of 2014 over the previous year, the revenue declined again sharply in the second quarter of 2014. The possibilities to offer services for capital measures were scant. The Financial Services Division depends to a special degree turnover on the stock exchanges and on capital measures by publicly-traded companies or those making the jump onto the exchange. The cooperation between Lang & Schwarz Broker GmbH and Montega AG holds out the promise that opportunities can be improved to acquire intermediary transactions on the exchanges and that increased number of potential customers can be captured for services within the framework of IPOs.

Designated sponsoring remains a core segment of the Financial Services Division. The segment's risk profile has not changed compared to the statements in the 2013 consolidated management report. Opportunities continue to be seen for the provision of further services.

Düsseldorf, 27 August 2014

The Management Board



André Bütow



Peter Zahn

Consolidated Balance Sheet as of 30 June 2014

Liabilities

	06/30/2014	12/31/2013
	EUR	EUR
A. Shareholders' equity		
I. Subscribed capital	9,438,000.00	9,438,000.00
Notional value of acquired own shares	0.00	0.00
Issued capital		9,438,000.00
II. Surplus capital		9,635,669.97
III. Earnings reserves		
Other earnings reserves	1,111,105.07	1,111,105.07
IV. Profit carried forward	3,191,123.09	2,197,328.86
V. Net income	2,444,389.06	993,794.23
	25,820,287.19	23,375,898.13
B. Provisions and accrued liabilities		
1. Accrued taxes		
2. Other provisions and accrued liabilities	1,426,059.00	478,959.00
	2,687,873.52	2,027,396.27
	4,113,932.52	2,506,355.27
C. Liabilities		
1. Liabilities due to banks		
2. Trade payables	30,144,289.37	31,721,785.96
3. Other liabilities	841,658.25	1,020,147.07
thereof, for taxes:	123,867,512.97	69,177,302.07
EUR 158,680.56 (previous year: EUR 106,977.82)		
thereof, for social security:		
EUR 2,142.46 (previous year: EUR 2,092.77)		
	154,853,460.59	101,919,235.10
D. Deferred income	93,916.74	104,451.13
	184,881,597.04	127,905,939.63

Lang & Schwarz Aktiengesellschaft, Düsseldorf

Consolidated Income Statement for the Period from 1 January to 30 June 2014

	01/01/ - 06/30/2014		01/01/ - 06/30/2013
	EUR	EUR	EUR
1. Revenue		91,998,576.50	50,711,783.00
2. Other operating income		132,699.79	86,969.88
3. Cost of materials		-81,520,460.02	-44,333,212.61
		10,610,816.27	6,465,540.27
4. Personnel expenses			
a) Wages and salaries	-3,238,681.78		-2,030,090.60
b) Social security, pension and other benefit costs thereof, for pensions: EUR 46,260.15 (previous year: EUR 43,860.00)	-369,280.53		-336,134.58
		-3,607,962.31	-2,366,225.18
5. Amortization, depreciation and write-offs on intangible assets, property, plant and equipment		-175,649.78	-161,880.88
6. Other operating expenses		-2,270,122.48	-2,316,210.33
7. Other interest and similar income		52,124.36	55,885.09
8. Write-offs of financial assets and marketable securities		-706,073.90	-1,047,108.60
9. Interest and similar expenses		-218,413.86	-136,410.53
10. Result from ordinary operations		3,684,718.30	493,589.84
11. Taxes on income	-1,237,025.84		-335,955.51
12. Other taxes	-3,303.40		-3,724.32
		-1,240,329.24	-339,679.83
13. Net income		2,444,389.06	153,910.01
14. Profit carried forward from previous year		3,191,123.09	2,197,328.86
15. Retained earnings		5,635,512.15	2,351,238.87

Lang & Schwarz Aktiengesellschaft, Düsseldorf

Schwarz Broker GmbH, Düsseldorf, and Lang & Schwarz Gate GmbH, Düsseldorf.

**Abbreviated Consolidated Notes to the Semi-Annual
Financial Statements as of 30 June 2014**
1. Bases of Accounting

The consolidated semi-annual financial statements of Lang & Schwarz Aktiengesellschaft as of 30 June 2014 were prepared based on the requirements in the General Terms and Conditions of Business of Deutsche Börse for Trading on the open market of Frankfurt Stock Exchange in conjunction with the listing of the shares of Lang & Schwarz Aktiengesellschaft in the Entry Standard segment. In accordance with § 19 of the General Terms and Conditions of Business of Deutsche Börse for Trading on the open market of Frankfurt Stock Exchange, these statements must consist of an abbreviated consolidated balance sheet, an abbreviated consolidated income statement (cost summary method) and abbreviated consolidated notes along with a consolidated interim management report, prepared analogously to § 315 of the German Commercial Code. The voluntary preparation of a cash-flow statement, statement of shareholders' equity and segmental report was waived.

The consolidated semi-annual financial statements were prepared analogously in accordance with the general provisions of the German Commercial Code for large corporations and of the German Stock Corporation Act. They were not subject to an audit or a critical review.

2. Accounting and Valuation Principles

The same accounting and valuation methods have been applied as in the most recent consolidated financial statements as of 31 December 2013.

3. Consolidated Group

As was the case as of 31 December 2013, in accordance with § 290(1) of the German Commercial Code, Lang & Schwarz Aktiengesellschaft is the parent company of Lang & Schwarz TradeCenter AG & Co. KG, Düsseldorf, Lang &

All subsidiaries are integrated in the consolidated financial statements in accordance with the provisions on full consolidation.

Name and Registered Office of Company	Capital Stock as of 6/30/14 in nom. TEUR	Share of Lang & Schwarz Aktiengesellschaft as of 6/30/14	
		as a %	in nom. TEUR
Lang & Schwarz Gate GmbH, Düsseldorf	500	100.0	500
Lang & Schwarz Broker GmbH, Düsseldorf	750	100.0	750
Lang & Schwarz TradeCenter AG & Co. KG, Düsseldorf	6,250	100.0	6,250

99.99% of the interest in Lang & Schwarz TradeCenter AG & Co. KG is held directly by Lang & Schwarz Aktiengesellschaft. The further 0.01% is held in trust for Lang & Schwarz Aktiengesellschaft by Lang & Schwarz Gate GmbH.

A control and profit and loss absorption agreement exists with Lang & Schwarz Gate GmbH, Düsseldorf, as of 30 June 2014.

**4. Notes to the Consolidated Balance Sheet and
Consolidated Income Statement**
**4.1 Residual Terms of the Accounts Receivable and
Liabilities**

Balance Sheet Items	6/30/14 up to 1 year TEUR	6/30/14 > 1 year TEUR	12/31/13 up to 1 year TEUR	12/31/13 > 1 year TEUR
Trade receivables	613	0	351	0
Other assets	19,633	69	1,484	68
	20,246	69	1,835	68

The residual terms of the balance sheet items: liabilities due to banks of TEUR 30,144, trade payables of TEUR 842 and other liabilities of TEUR 123,868 break down as follows:

Balance Sheet Items	6/30/14 up to 1 year TEUR	6/30/14 >5 years TEUR	12/31/13 up to 1 year TEUR	12/31/13 >5 years TEUR
Liabilities due to banks	30,144	0	31,722	0
Trade payables	842	0	1,020	0
Other liabilities	16,559	107,308	7,891	61,283
	47,545	107,308	40,633	61,283

TEUR 20,101 of the liabilities due to banks relate to balances on current bank accounts managed by the company bank HSBC Trinkaus & Burkhardt AG. Credit balances maintained on current accounts at this bank and securities portfolios were pledged for this purpose within the framework of a securities agreement.

Under the item "cash in bank," no credit balances with third banks were disclosed which have been pledged in favor of the company bank HSBC Trinkaus & Burkhardt AG.

4.2 Material Amounts of Certain Consolidated Balance Sheet Items

Other provisions and accrued liabilities essentially contain provisions and accrued liabilities for personnel and costs of the legal form and costs for outstanding invoices.

4.3 Material Amounts of Certain Consolidated Income Statement Items

No amounts existed within the meaning of § 277(4) of the German Commercial Code which were subject to reporting.

5. Miscellaneous Information

5.1 Valuation Units in Accordance with § 254 of the German Commercial Code

Lang & Schwarz Aktiengesellschaft discloses obligations from self-issued products and other transactions included

as underlying transactions in valuation units in accordance with § 254 of the German Commercial Code. Separate valuation units were formed for the risks from the price fluctuation of indices (DAX, MDAX and SDAX) and from individual stocks, theme certificates and commodities (gold, silver, platinum, palladium, copper, natural gas and crude oil), from the Bund future and from currency exchange rates. All valuation units are depicted in the form of the portfolio hedge.

Through the sale of own products for all the aforementioned types of risk, Lang & Schwarz Aktiengesellschaft enters open positions in relation to the underlying financial instruments (underlying transactions). These risks are hedged through suitable hedging instruments. The hedge is made through corresponding countertrades and/or within the framework of a dynamic delta hedge directly through counterpositions in the underlying transaction. This assures in relation to the individual risks that value and payment flows largely compensate each other.

The nexus between the underlying transaction and the hedging instrument exists for the period the underlying contract is held by the company. When the position from the self-issued products is closed, the hedges are closed.

Within the framework of the risk management system of Lang & Schwarz Aktiengesellschaft, the risks from the positions of the underlying transactions and the hedging instruments are monitored. For this purpose, a limit system is installed for the valuation units. The system monitors on a daily basis the risks taken on by the company broken down by share price, commodities, interest rate and exchange rate risks and calculates the utilization of the prescribed limits and reports the findings to the Management Board. Moreover, each day the effectiveness of the hedge relation is calculated in the form of a quantitative sensitivity analysis in accordance with the market-shift method. Reference is furthermore made to the statements on the risk management of Lang & Schwarz Aktiengesellschaft in the 2013 management report.

Results from the valuation units are computed in accordance with the gross hedge presentation method, wherein the market values from active markets are used for the disclosed financial instruments, if feasible. Should this not be possible, as in the case of option portfolios, the valuation is made using the Black-Scholes mathematical model or, in the case of American-style options using the Cox-Ross-Rubinstein model. The calculations of the mathematical models are based on interest rates, indices and underlying prices. The volatilities necessary for the calculations are derived as feasible from the products traded on the market. If necessary, alternative data or calculations are used.

5.2 Names and Remuneration of Board Members

The **Management Board members** of Lang & Schwarz Aktiengesellschaft from 1 January to 30 June 2014 were:

Mr. André Bütow, Commercial Graduate, Neuss

Mr. Peter Zahn, Graduated Industrial Engineer (FH), Düsseldorf

Mr. Bütow is a supervisory board member of vwd Transaction Solutions AG, Frankfurt a. M.

Mr. Zahn is a supervisory board member of BACKBONE Technology AG, Hamburg and of PAN AMP AG, Hamburg.

The **Supervisory Board** of Lang & Schwarz Aktiengesellschaft was composed as follows from 1 January to 30 June 2014:

Mr. Jochen von Ciriacy-Wantrup from Friedberg, Banker, retired, Chairman

Mr. Aribert Lieske from Düsseldorf, Public Accountant, Vice Chairman

Mr. Thomas Schult from Hamburg, Banker at M.M. Warburg & CO KGaA in Hamburg

A disclosure of the **total remuneration of the Management Board** was forgone in application of § 286(4) of the German Commercial Code.

The total remuneration of the Supervisory Board of Lang & Schwarz Aktiengesellschaft is determined in accordance with the resolution of the shareholders in general meeting

on 20 June 2007. As a whole, the total remuneration for the first half of 2014 amounts to TEUR 75.

5.3 Notices on the Existence of Investments in Lang & Schwarz Aktiengesellschaft

As far as is known, a shareholding of more than one-fourth of the shares in Lang & Schwarz Aktiengesellschaft is held by M.M. Warburg & CO Kommanditgesellschaft auf Aktien, Hamburg, which pertains to the corporate group of M.M. Warburg & Co. Gruppe (GmbH & Co.) KGaA, Hamburg.

5.4 Staff

In the first half of 2014, 47 persons were employed within the corporate group of Lang & Schwarz Aktiengesellschaft on quarterly average (including two Management Board members). As of 30 June 2014, 47 persons (including two Management Board members) were employed:

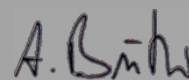
	6/30/2014	
	male	female
Management Board	2	0
Employees	37	8

5.5 Publication

The consolidated semi-annual financial statements as of 30 June 2014 and the consolidated interim management report as of 30 June 2014 will be sent to Deutsche Börse AG, Frankfurt, for publication on its website and made available on the website of Lang & Schwarz Aktiengesellschaft.

Düsseldorf, 27 August 2014

The Management Board



André Bütow



Peter Zahn

Düsseldorf, 27 March 2015

signed Peter Zahn
Lang & Schwarz Aktiengesellschaft