



## Information Circular 08-049

**Date:** October 29, 2008

**Re:** Deutsche Bank AG Elements ETNs

BATS Exchange, Inc. (“BATS”) commenced operating as a national securities exchange for trading non-BATS listed securities on October 24, 2008. As a result, in the near future the following Deutsche ETNs will be traded by BATS as an exchange on an unlisted trading privileges (UTP) basis for the first time.

<b>Product (the “Securities” or the “Notes”)</b>	<b>Symbol</b>
ELEMENTSSM Linked to the Euro/U.S. Dollar Exchange Rate due February 23, 2023	ERE
ELEMENTSSM Linked to the U.S. Dollar/Swiss Franc Exchange Rate due February 23, 2023	SZE
ELEMENTSSM Linked to the U.S. Dollar/Canadian Dollar Exchange Rate due February 23, 2023	CUD
ELEMENTSSM Linked to the Australian Dollar/U.S. Dollar Exchange Rate due February 23, 2023	ADE
ELEMENTSSM Linked to the British Pound/U.S. Dollar Exchange Rate due February 23, 2023	EGB

### **Background on the Securities**

As more fully explained in the Registration Statement for the ELEMENTS linked to the performance of the relevant spot currency exchange rate, the securities are designed to track the exchange rate between the U.S. Dollar and the relevant currency. The Securities are senior unsecured debt obligations of Deutsche Bank AG. The Securities will initially be issued in denominations of \$10. For a more complete description of the Securities and the payment at maturity, early repurchase provisions, early repurchase mechanics, valuation, fees and risk factors, consult the Prospectus.

### **Description of the Securities**

The return on the ELEMENTS Linked to the Euro/U.S. Dollar Exchange Rate (the “Euro Dollar Xrate”) due February 23, 2023 (“Securities”) is linked to the performance of the euro relative to the U.S. dollar as measured by the Euro/Dollar Xrate and the performance of the DB EUR Overnight Index (“Index”). At maturity or upon an earlier repurchase by Deutsche Bank, the Securities will pay an amount in respect of principal based on the performance of the Euro/Dollar Xrate over the term of the Securities. In addition, the Securities will pay a semiannual U.S. Dollar Distribution (or, upon an earlier repurchase, an accrued Distribution) based on the performance of the Index (which includes an adjustment for a fee) and the Euro/Dollar Xrate.

When the euro appreciates relative to the U.S. Dollar, the Euro/Dollar Xrate, and, other things being equal, the value of the Securities, will increase; when the euro depreciates relative to the U.S. Dollar, the Euro/Dollar Xrate, and, other things being equal, the value of the Securities, will decrease.

The return on the ELEMENTS Linked to the U.S. Dollar/Swiss Franc Exchange Rate (“USD/SFF Xrate”) due February 23, 2023 (“Securities”) is linked to the performance of the Swiss franc relative to the U.S. dollar as measured by the USD/SFF Xrate and the performance of the DB CHF Overnight Index (“Index”).

At maturity or upon an earlier repurchase by Deutsche Bank, the Securities will pay an amount in respect of principal based on the performance of the USD/SFF Xrate over the term of the Securities. In addition, the Securities will pay a semi-annual U. S. Dollar Distribution (or, upon an earlier repurchase, an accrued Distribution) based on the performance of the Index (which includes an adjustment for a fee) and the USD/SFF Xrate.

When the Swiss franc appreciates relative to the U. S. dollar, the USD/SFF Xrate will decrease, and, other things being equal, the value of the Securities will increase; when the Swiss franc depreciates relative to the U.S. dollar, the USD/SFF Xrate will increase, and, other things being equal, the value of the Securities will decrease.

The return on the ELEMENTS Linked to the U.S. Dollar/Canadian Dollar Exchange Rate ("USD/CDN Xrate") due February 23, 2023 ("Securities") is linked to the performance of the Canadian dollar relative to the U.S. dollar as measured by the USD/CDN Xrate and the performance of the DB CAD Overnight Index ("Index"). At maturity or upon an earlier repurchase by Deutsche Bank, the Securities will pay an amount in respect of principal based on the performance of the USD/CDN Xrate over the term of the Securities. In addition, the Securities will pay a semi-annual U.S. dollar Distribution (or, upon an earlier repurchase, an accrued Distribution) based on the performance of the Index (which includes an adjustment for a fee) and the USD/CDN Xrate. When the Canadian dollar appreciates relative to the U. S. dollar, the USD/CDN Xrate will decrease, and, other things being equal, the value of the Securities will increase; when the Canadian dollar depreciates relative to the U.S. dollar, the USD/CDN Xrate will increase, and, other things being equal, the value of the Securities will decrease.

The return on the ELEMENTS Linked to the Australian Dollar/U.S. Dollar Exchange Rate ("AUD/USD Xrate") due February 23, 2023 ("Securities") is linked to the performance of the Australian dollar relative to the U.S. Dollar as measured by the AUD/USD Xrate and the performance of the DB AUD Overnight Index ("Index"). At maturity or upon an earlier repurchase by Deutsche Bank, the Securities will pay an amount in respect of principal based on the performance of the AUD/USD Xrate over the term of the Securities. In addition, the Securities will pay a semi-annual U.S. Dollar Distribution (or, upon an earlier repurchase, an accrued Distribution) based on the performance of the Index (which includes an adjustment for a fee) and the AUD/USD Xrate. When the Australian dollar appreciates relative to the U.S. Dollar, the AUD/USD Xrate, and, other things being equal, the value of the Securities, will increase; when the Australian Dollar depreciates relative to the U. S. Dollar, the AUD/USD Xrate, and, other things being equal, the value of the Securities, will decrease.

The return on the ELEMENTS Linked to the British Pound/U.S. Dollar Exchange Rate ("GBP/USD Xrate") due February 23, 2023 ("Securities") is linked to the performance of the British pound relative to the U. S. dollar as measured by the GBP/USD Xrate and the performance of the DB GBP Overnight Index ("Index"). At maturity or upon an earlier repurchase by Deutsche Bank, the Securities will pay an amount in respect of principal based on the performance of the GBP/USD Xrate over the term of the Securities. In addition, the Securities will pay a semi-annual U.S. dollar Distribution (or, upon an earlier repurchase, an accrued Distribution) based on the performance of the Index (which includes an adjustment for a fee) and the GBP/USD Xrate. When the British pound appreciates relative to the U.S. dollar, the GBP/USD Xrate, and, other things being equal, the value of the Securities, will increase; when the British pound depreciates relative to the U.S. dollar, the GBP/USD Xrate, and, other things being equal, the value of the Securities, will decrease.

## **Indicative Value**

According to the Prospectus, an intraday "Indicative Value" meant to approximate the intrinsic economic value of the Securities will be published under the Bloomberg, as noted below:

**Exchange-Traded Note****Indicative Value**

ELEMENTS Linked to the Euro/U.S. Dollar Exchange Rate	ERE.IV
ELEMENTS Linked to the U.S. Dollar/Swiss Franc Exchange Rate	SZE.IV
ELEMENTS Linked to the U.S. Dollar/Canadian Dollar Exchange Rate	CUD.IV
ELEMENTS Linked to the Australian Dollar/U.S. Dollar Exchange Rate	ADE.IV
ELEMENTS Linked to the British Pound/U.S. Dollar Exchange	EGB.IV

The actual trading price of the Securities may vary significantly from their Indicative Value. Additionally, the Calculation Agent expects to calculate and publish the closing indicative value of your Securities on each Trading Day. In connection with the Securities, the term "indicative value" refers to the value at a given time determined based on the following equations:

**ELEMENTS Linked to the Euro/U.S. Dollar Exchange Rate**

Indicative Value = Principal Value + accrued Distribution

where,

Principal Value = Euro Principal Amount *times* Euro/Dollar Xrate on such Trading Day;

where,

Euro Principal Amount = € 6.823;

Euro/Dollar Xrate = The most recent published calculation of the Euro/Dollar Xrate, determined as described above;

and

Accrued Distribution = Euro Principal Amount *times* Accrual Factor on such Trading Day *times* the Euro/Dollar Xrate on such Trading Day

where,

Accrual Factor = The most recent daily calculation of the Accrual Factor.

**ELEMENTS Linked to the U.S. Dollar/Swiss Franc Exchange Rate**

Indicative Value = Principal Value + accrued Distribution

*where,*

Principal Value = Swiss Franc Principal Amount *divided by* USD/SFF Xrate on such Trading Day;

*where,*

Swiss Franc Principal Amount = 10.996 CHF

USD/SFF Xrate = The most recent published calculation of the USD/SFF Xrate, determined as described above;

*and*

Accrued Distribution = Swiss Franc Principal Amount *times* Accrual Factor on such Trading Day *divided by* the USD/SFF Xrate on such Trading Day

*where,*

Accrual Factor = The most recent daily calculation of the Accrual Factor.

ELEMENTS Linked to the U.S. Dollar/Canadian Dollar Exchange Rate

Indicative Value = Principal Value + accrued Distribution

*where,*

Principal Value = Canadian Dollar Principal Amount *divided by* USD/CDN Xrate on such Trading Day;

*where,*

Canadian Dollar Principal Amount = C\$10.179;

USD/CDN Xrate= The most recent published calculation of the USD/CDN Xrate, determined as described above;

*and*

Accrued Distribution = Canadian Dollar Principal Amount times Accrual Factor on such Trading Day divided by the USD/CDN Xrate on such Trading Day

*where,*

Accrual Factor = The most recent daily calculation of the Accrual Factor.

ELEMENTS Linked to the Australian Dollar/U.S. Dollar Exchange Rate

Indicative Value = Principal Value + accrued Distribution

*where,*

Principal Value = Australian Dollar Principal Amount *times* AUD/USD Xrate on such Trading Day;

*where,*

Australian Dollar Principal Amount = A\$10.931

AUD/USD Xrate = The most recent published calculation of the AUD/USD Xrate, determined as described above;

*and*

Accrued Distribution = Australian Dollar Principal Amount times Accrual Factor on such Trading Day times the AUD/USD Xrate on such Trading Day

*where,*

Accrual Factor = The most recent daily calculation of the Accrual Factor, determined as described above

ELEMENTS Linked to the British Pound/U.S. Dollar Exchange Rate

Indicative Value = Principal Value + accrued Distribution

where,

Principal Value = British Pound Principal Amount *times* GBP/USD Xrate on such Trading Day;

where,

British Pound Principal Amount = £5.154;

GBP/USD Xrate = The most recent published calculation of the GBP/USD Xrate, determined as described above;

and

Accrued Distribution = British Pound Principal Amount *times* Accrual Factor on such Trading Day *times* the GBP/USD Xrate on such Trading Day

where,

Accrual Factor = The most recent daily calculation of the Accrual Factor.

## **Early Redemption**

According to the Prospectus, the Securities may be repurchased prior to maturity at the option of Deutsche Bank or an investor. Offers to repurchase of \$2,500,000 stated principal amount (250,000 Securities) or more to Deutsche Bank during the term of the Securities beginning on February 22, 2008. Upon repurchase, a cash payment will occur on the relevant Repurchase Date in an amount equal to the Principal Value on the Repurchase Valuation Date *plus* the accrued but unpaid Distribution to the Repurchase Valuation. Offers for repurchase must be made to Deutsche Bank Securities Inc. no later than 4:00 p.m., New York City time, on the Business Day immediately preceding the intended Repurchase Valuation Date. For a complete description, see the Prospectus.

## **Exchange Rules Applicable to Trading in the Shares**

Trading in the Shares on BATS is subject to BATS equity trading rules.

## **Trading Hours**

The values of the indexes underlying the Shares are disseminated to data vendors every 15 seconds. The Shares will trade on BATS between 8:00 a.m. and 4:00 p.m. ET. Please note that trading in the Fund's Notes during the Exchange's pre-opening session may result in additional trading risks which include: (1) lower liquidity, which may impact pricing, (2) higher volatility, which may impact pricing, (3) wider spreads may occur in the pre-opening session.

## **Suitability**

Trading in the Shares on BATS will be subject to applicable suitability rules.

## **Trading Halts**

BATS will halt trading in the Shares of a Fund in accordance with BATS Rule 14.1(c)(4). The grounds for a halt under BATS Rule 14.1(c)(4) include a halt by the primary market because the intraday indicative

value of the Fund and/or the value of its underlying index are not being disseminated as required, or a halt for other regulatory reasons. In addition, BATS will stop trading the Shares of a Fund if the primary market de-lists the Fund.

## **Delivery of a Prospectus**

BATS Members are advised to consult the section entitled “Plan of Distribution,” in the Prospectus, with respect to the prospectus-delivery requirements relating to the Notes.

## **No-Action Relief Under Federal Securities Regulations**

The Securities and Exchange Commission (“SEC” or the “Commission”) has issued noaction relief from certain provisions of and rules under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), regarding trading in Barclays iPath securities with structures similar to that of the Securities. See letter dated July 27, 2006, from James A. Brigagliano, Acting Associate Director, Office of Trading Practices and Processing, Division of Market Regulation, to George H. White (the “Letter”). **As what follows is only a summary of the relief outlined in the Letter, the Exchange advises interested parties to consult the Letter, for more complete information regarding the matters covered therein and the applicability of the relief granted to trading in Securities.**

## **Regulation M Exemptions**

Generally, Rules 101 and 102 of Regulation M is an anti-manipulation regulation that, subject to certain exemptions, prohibits a “distribution participant” and the issuer or selling security holder, in connection with a distribution of securities, from bidding for, purchasing, or attempting to induce any person to bid for or purchase, any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities, and affiliated purchasers of such persons.

The Letter states that the SEC Division of Market Regulation will not recommend enforcement action under Rule 101 of Regulation M against persons who may be deemed to be participating in a distribution of the notes to bid for or purchase the notes during their participation in such distribution.

Rule 102 of Regulation M prohibits issuers, selling security holders, or any affiliated purchaser of such person from bidding for, purchasing, or attempting to induce any person to bid for or purchase a covered security during the applicable restricted period in connection with a distribution of securities effected by or on behalf of an issuer or selling security holder. Rule 100 of Regulation M defines “distribution” to mean any offering of securities that is distinguished from ordinary trading transactions by the magnitude of the offering and the presence of special selling efforts and selling methods.

The Letter states that the SEC Division of Market Regulation (now known as Trading and Markets) will not recommend enforcement action under Rule 102 of Regulation M against Barclays and its affiliated purchasers who bid for or purchase or redeem notes during the continuous offering of the notes.

## **Section 11 (d)(1) of the Exchange Act; Exchange Act Rule 11 d1 -2**

Section 11(d)(1) of the Exchange Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he or she participated as a member of a selling syndicate or group within thirty days prior to such transaction.

The Letter states that the SEC Division of Market Regulation (now known as Trading and Markets) will not recommend enforcement action under Section 11 (d)(1) of the Exchange Act against broker-dealers who treat the notes, for purposes of Rule 1d1-2, as “securities issued by a registered . . . open-end investment

company as defined in the Investment Company Act ” and thereby, extend credit or maintain or arrange for the extension or maintenance of credit on the notes that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

**PLEASE CONSULT YOUR ADVISORS AS TO THE APPLICABILITY OF THE RELIEF GRANTED.**

**This Information Circular is not a statutory prospectus. BATS Members should consult the prospectus for a Fund and the Funds’ website for relevant information.**

Please contact Eric Swanson, 212.378.8523, [eswanson@batstrading.com](mailto:eswanson@batstrading.com), with any inquiries regarding this Information Circular.