

SSPA Newsletter July 2016



10 years of SSPA – steady rise in acceptance and importance

The association reached a milestone in its history on 4 April 2016: we are proud to mark the SSPA's tenth anniversary, and to review the achievements of the past decade. Today the association is eagerly sought and valued as an expert voice by public authorities, politicians and investors. We celebrated this milestone anniversary in April, and within the context of an anniversary event in the autumn will be thanking in particular our employees as well as all our associates for their trust and support.



Over the years, the association has developed, grown and achieved tangible successes for the sector. The market was growing steadily in the early days in 2006, and investors were investing very offensively – today, by contrast, demand is determining supply to a far greater extent. The products in focus have also changed over the past ten years, while technological advances demand innovations and the financial crisis presented the sector with a number of challenges. Providing information and transparency within this environment has been one of the association's central remits from the outset – we strive to make the products and associated risks properly comprehensible. The SSPA assumed responsibility for this, and created products such as for example the Swiss Derivative Map to categorise the products and describe the most important characteristics of the categories. Today, this map is the European standard.

Over the past 10 years, the association has not merely responded to changing demands and positioned itself as a pioneer; it continues to this day to offer a wide range of services with added value – there is a tool in the pipeline, for example, that focuses on the use of structured products within a portfolio context, facilitating the targeted provision of information to relationship managers. A tailor-made app is designed to boost understanding of how structured products work in customer portfolios, systematically explaining the advantages of mixing in these products. It enables different sample portfolios and different market scenarios to be vividly simulated, underscoring the huge potential

presented by the systematic deployment of structured products. There are plans to launch the new tool during the second half of the year – just wait and see!

Thanks to the new market statistics, we are also able to show that our industry generates overall sales substantially in excess of CHF 200 billion each year. This makes Switzerland the world's largest market for structured products, with substantial international sales potential. And this also safeguards many highly-qualified jobs.

As an association, we have seen strong growth ever since we addressed the overall output of the sector. This means that in addition to issuers and the stock exchange, distribution partners, technology providers as well as other partners are also members of the association. Over the past twelve months alone, membership has grown 30 percent to reach 25 members ... and we are looking forward to additional growth in the coming years!

Georg von Wattenwyl, SSPA Chairman

Happy Birthday SVSP – the structured products association celebrates its 10th anniversary

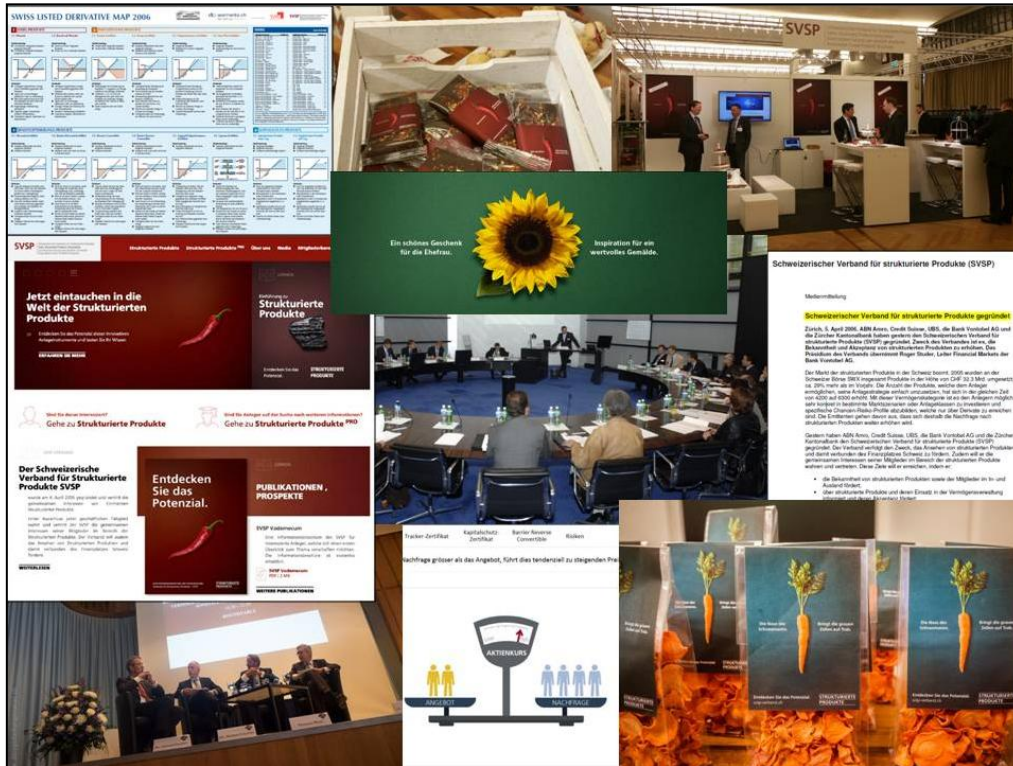


The SSPA was founded ten years ago to represent the collective interest of issuers. With the goal of favourably influencing the operating conditions for structured products in the Swiss financial centre, it has steadily expanded its presence as the industry association.

The structured products sector has developed and undergone enormous changes in recent years, and the association looks back with pride over the past 10 years – and will in future continue to promote maximum transparency and impulses for the development of the sector going forward.

How the association has changed the sector – SSPA milestones over the past 10 years:

- 2006: Launching the Swiss Derivative Map, a classification system for product types defined by the association that has become established as the market standard amongst all banks.
- 2007: Launching the Structured Products Fair, which as the Financial Fair now nurtures and promotes personal contacts and exchanges with private investors.
- 2009: Launching the risk parameters of various products.
- 2010: Start of the knowledge initiative with the publication of the book ""die Welt der Strukturierten Produkte" ("The World of Structured Products"). 2011 expansion with online knowledge test for industry newcomers and experts.
- 2014: Active involvement in the disclosure of sales fees.
- 2015: Drawing up the study on the cost and performance of structured products in conjunction with the Swiss Finance Institute SFI, which for the first time establishes facts in place of assumptions.
- 2016: Launch of new, supplementary market statistics, encompassing current sales of listed and unlisted structured products in the Swiss market at the quarterly level.

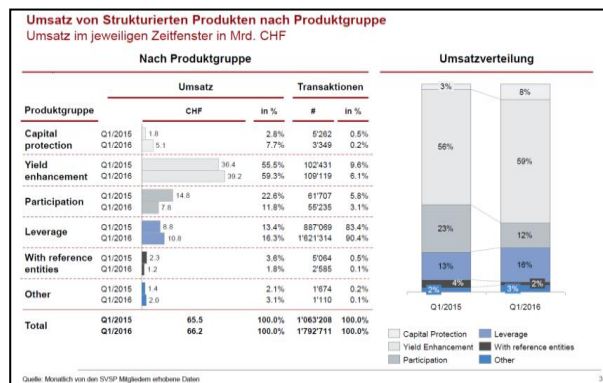


SSPA market statistics Q1: moderate growth in sales and trend towards products on a fixed-income basis

Quarterly market statistics published since the beginning of 2016 include listed as well as non-listed structured products; the figures provide a comprehensive overview of developments in the Swiss market.

Important conclusions (Q1 2016):

- At about CHF 66.2 billion, total Q1 sales this year were a moderate 1% higher than in 2015.
- There were shifts compared to the previous year in product groups as a percentage of the total: Yield enhancement products accounted once again for the lion's share at 59%, followed by leverage products (16%). Despite a relative year-on-year decline of nearly 50%, participation products formed the third largest category with a share of 12% ahead of capital protection products at 8%. The latter saw its growth trend continue with relative growth over the previous year of 175%.
- Equities and foreign currencies still serve most often as the underlying assets. Equity products remain the largest investment class in spite of dropping from 53% of the total (Q1 2015) to 44%,



followed closely by foreign currencies at 43% (previous year: 38%). Fixed income underlyings increased by more than 80% year on year, boosting their relative share of the total to 8.5%.

- Non-listed products continue to dominate the Swiss market making up 73% of the total, a 5 % year-on-year increase over Q1 2015.
- Around two-thirds of sales (63.4%) are generated in the primary market, while transactions are almost exclusively executed on the secondary market (nearly 97%).
- CHF, EUR and USD serve as the main currencies for Swiss structure products, comprising 86% of the sales volume: In a year-on-year comparison, USD became the main currency (more than 35%), whereas EUR and CHF fell as a percentage of the total sales volume to 31% and 19%, respectively.

Active role in the FIDLEG/FINIG discussion: Hearing of the WAK Commission of the Council of States

The SSPA is keen to highlight the relevance of the sector and products for the Swiss financial centre. Thanks to the regular exchange of views with politicians, we have made huge strides in this direction. This is the result of effectively organised and long-term association work, including in conjunction with the Swiss Bankers Association, Finma and further organisations. In addition, the association is playing an active role in the constructive FIDLEG/FINIG discussion, and favours inter alia state-of-the-art investor protection. Chairman Georg von Wattenwyl and Enrico Friz, Head of Legal & Regulation, supported this position inter alia at a hearing of the WAK Commission of the Council of States at the start of the year. WAK-S has taken up the advice of FIDLEG and FINIG, and is conducting hearings on the two proposals. In addition to the SSPA, the invitees included the Swiss Funds & Asset Management Association (SFAMA), the Forum SRO (self-regulating organisations), the Swiss Bankers Association (SBVg), the Consumer Protection Foundation (SKS), the Swiss Insurance Association (SVV), the Association of Swiss Asset Managers (VSV) as well as an independent asset manager.

Changes to the Committee of the European Structured Investment Products Association EUSIPA



The European umbrella association for structured securities EUSIPA made changes to its management committee in May. Heike Arbter, Chair of the Certificates Forum Austria Committee and Head of the Structured Products Unit at Raiffeisen Centrobank, Vienna, has been appointed as President. In this function Arbter is succeeding Reinhard Bellet, who headed EUSIPA since 2009 and decided not to stand for a further period of office. The Swiss Roger Studer, Head of Investment Banking at Vontobel Bank, was re-elected as Vice President.

"I view my election as President of the European Certificate Association as a great honour and recognition of our work to date. We have been active in Austria since 2006 as an association for certificates and structured products, and I am convinced that our experience will contribute towards the

European activities. The market for certificates is a European market, not merely on account of the regulations in force at the EU level, and the challenges can only be mastered through the joint efforts of all issuers," said Heike Arbter in her first statement.

"We have achieved and changed a great deal in recent years. An expression of this is the umbrella association EUSIPA, which in the interim operates as the mouthpiece of the certificate industry at the European level. As markets continue to develop, however, our joint promotion of greater transparency and industry standardisation will continue to be valued. These topics remain at the top of our agenda," added Roger Studer.

Natixis and Aargauische Kantonalbank new SSPA members

The inclusion of the two active members Natixis as an issuer and Aargauische Kantonalbank as a buy-side representative in April 2016 represents a further step towards establishing the broadest-possible industry representation.

Cyril Parmentier, Head of Sales Switzerland at Natixis, on the bank's accession to the SSPA: "We develop long-term trust-based relationships with our clients. These are based on a strategic dialogue and a 360 degree perspective of their needs, challenges, risks and interests. We pool our wide-ranging expertise to develop optimum banking, financial and insurance solutions for our clients. In this conjunction, structured products are innovative investment vehicles that offer an attractive yield potential at reasonable cost. Membership of the SSPA therefore underscores our long-term commitment to the Swiss market for structured products, as well as to the Swiss financial centre.

Peter Pastor, Head of Treasury & Trading at AKB, commented on the admission to SSPA as follows: "As a professional investment bank, we are at home not just in Swiss financial markets, but also in international financial markets. For our customers, we value structured products as part of our modern investment consultancy. SSPA membership demonstrates our long-term commitment to the Swiss financial centre, as well as to the structured products sector."

International Structured Products Forum on 7/8 September in Lucerne



The traditional meeting of the sector will take place this year in Lucerne at the beginning of September. Together with SIX Structured Products Exchange AG, the SSPA makes increasing use of this event as a platform for exchanging opinion and holding discussions. This year's forum will be addressing technological developments in the sector, in particular digital advice. In addition to keynote lectures on digital topics, the participants will also take part in workshops to discuss the

implications and opportunities for the structured products sector, while drawing up proposed solutions to identified challenges.

Programme details are available [here](#). Make sure to register by 8 July!