

## SSPA Newsletter July 2017



### "SSPA goes Romandy" – industry association holds first InfoTalk in Geneva

The SSPA is realising its aim of underscoring its position as the national industry association. For the first time in the Association's history, the Committee and the Management Board collectively made their way south to inform our members in French- and Italian-speaking Switzerland about current developments within the sector and in the Association during the course of an InfoTalk. Interesting discussions were held during the joint dinner above the roofs of Geneva. We are looking



forward to further discussions with all our members – whether in Zurich, Geneva or shortly at the industry meeting "International Structured Products Forums" from 6 to 7 September in Lucerne.

The InfoTalk also had some breaking news in the form of personnel changes on the SSPA Committee: Valentin Vonder Mühl is succeeding Philipp Rickenbacher. We are delighted that with Valentin we have been able to strengthen the Committee with the support of a long-standing and proven specialist. We also thank Philipp for his commitment and dedication. His vision and his analytical skills enabled the SSPA to develop in recent years into an industry association that is recognised by all stakeholders. We wish him much success in his future career.

We are continuing to pursue the key topic "pension funds and structured products", that was launched at the Lucerne Forum 2016. At this year's forum we are also looking to hold discussions with retirement provisioning experts, and will be exploring possible approaches for our industry in a workshop. In addition, we have formed a new working group in the Association in order to promote this initiative in a close and targeted manner.

Whether in French-, Italian-speaking Switzerland or the Zurich financial centre - the SSPA operates digitally since the launch of the "SP Portfolio Optimizer" in February 2017. The app illustrates in simple terms what added value can be generated by including structured products in the portfolio. Encouraged by the good download rates recorded by the basic version, we now wish to broaden the appeal of the app and are also including new features. In the Newsletter we present details of the further developments, and examine what is currently driving the industry – for example in the regulatory field.

Georg von Wattenwyl, SSPA chairman

## Update "SP Portfolio Optimizer" – further development of the app that highlights the profitable use of structured products in a portfolio context



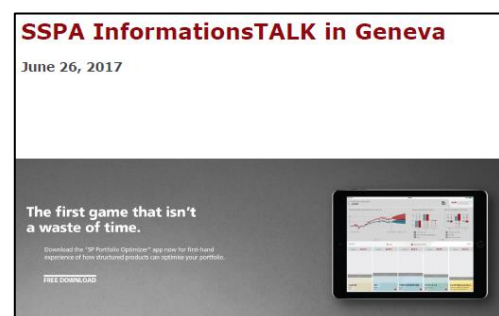
Since February 2017 the SSPA has been operating increasingly digitally with the "SP Portfolio Optimizer" – a free app developed in close cooperation with swissQuant, which highlights the added value of structured products for portfolios in a simple and comprehensible manner. Relationship managers and private investors can test and trial the

wide-ranging functions and systematic deployment of structured products in their portfolios using the "SP Portfolio Optimizer", and can examine to what extent and with the addition of which products their particular portfolios can be optimised. Various sample portfolios and different market scenarios can also be simulated.

Launched at the Swiss financial fair "Finanz17", the first version of the app quickly became established in the market and has seen a steady increase in download figures. In order to meet the needs of users even more effectively, the app has now been developed further in a second phase. New features – such as for example single stocks or a decision tree – have now been implemented, and a desktop version as well as white-label solutions (where the app can be used with specific versions tailored to meet the needs of individual clients) is also planned. The app is available for iPad – the "SP Portfolio Optimizer" can be downloaded free of charge from the App Store. [Click here](#) for the free iPad download. Discover how the "SP Portfolio Optimizer" works in the [current video](#).

## "Bienvenue en Romandie": first InfoTalk in Geneva offers platform for discussion

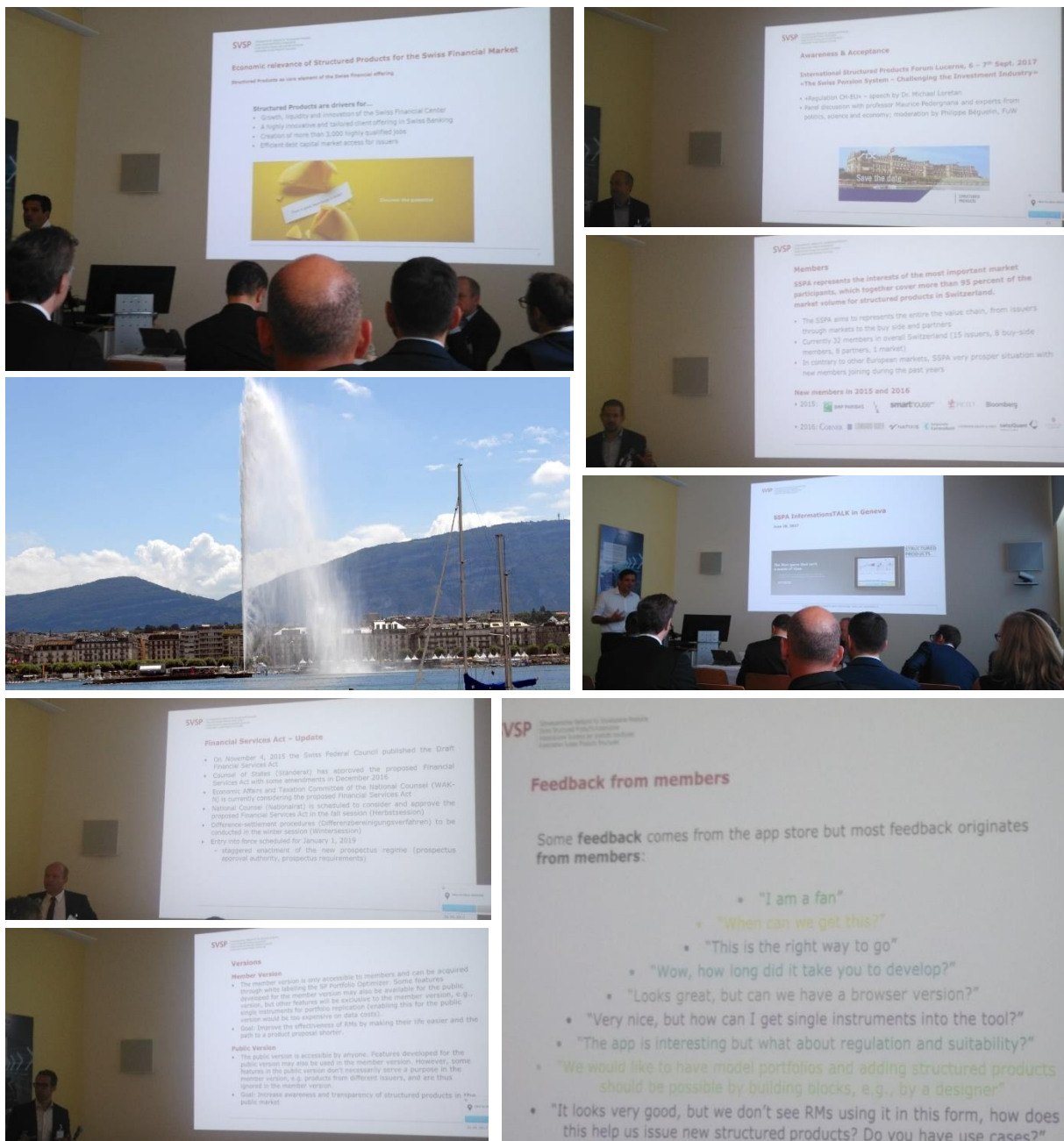
For the first time in the history of the Association, the SSPA held its quarterly information event in Geneva. By this means the SVSP is taking account of its steady expansion – which extends not just from issuers, through buy-side and markets, to partners, but with its 32 current members also covers the whole of Switzerland and has a rising number of members in French-speaking Switzerland.



Over 20 members and interested parties – who travelled from Zurich or Italian-speaking Switzerland, although mostly with short travel times from French-speaking Switzerland – informed themselves about current Association activities, plans concerning the further development of the app, topics that are set to be discussed at the Lucerne Forum industry meeting at the beginning of September, progress and current developments in the field of structured products and pension funds, or about the ever-increasing regulatory changes affecting the industry such as FIDLEG or 871(m). SSPA Chairman Georg von Wattenwyl also had breaking news to report – namely a change in the membership of the Committee. The SSPA Committee co-opted Valentin Vonder Mühl, Bank Julius Baer, to succeed Philipp Rickenbacher on the Committee as at 1 July 2017 (for details, see below). Ordinary elections are set to take place at the Delegates` Meeting in September – as

are the elections to fill the newly-created Committee post by a buy-side representative. The additional Committee member takes account of the Association's expansion, and also gives the buy-side a vote on the Committee.

Photo gallery here:



## Valentin Vonder Mühl new SSPA committee member

The committee of the Swiss Structured Products Association SSPA has elected Valentin Vonder Mühl, Bank Julius Baer, as Philipp Rickenbacher's successor on the SSPA committee with effect from 1 July 2017. Valentin Vonder Mühl is bringing over 23 years of experience of the structured products business into the work of the association. Philipp Rickenbacher, who is resigning, was a member of the committee for around 4 years, during which he contributed significantly towards the SSPA's positioning as the industry association.



Valentin Vonder Mühl has worked in the structured products field at Bank Julius Baer since 1994, and experienced the development of structured products in Switzerland at first hand. Thanks to various management positions on the trading side, he has an excellent understanding of the current challenges facing the sector. As Head Structured Products Trading, Valentin has comprehensive international know-how and will contribute his knowledge of the trading side into the discussion.

Philipp Rickenbacher has been a member of the SSPA committee since 2013, latterly as deputy chairman and head of the department members. Under his leadership, the association developed successfully to represent the interests of the entire output chain. For example, Philipp established a new membership concept that opened up the Association for buy-side representatives and partners. Philipp's decision to step down from the committee was taken on account of his changing responsibilities as Head of Advisory Solutions at Julius Baer since July 2016

Members of the SSPA Committee as at 1 July 2017 are Georg von Wattenwyl (Chairman, Bank Vontobel), Jan Schoch (Leonteq), Thomas Schmidlin (Credit Suisse), Adrian Steinherr (UBS) and Valentin Vonder Mühl (Julius Baer).

## Update Legal & Regulations

### FIDLEG/FINIG

The industry agrees: The new statutory instruments "FIDLEG" and "FINIG" in the form put forward by the Council of States represent a sound basis for modern financial legislation with investor protection that take account of practical requirements. The proposal is currently being discussed by the Committee for Economic Affairs and Taxation of the National Council (Kommission für Wirtschaft und Abgabe des Nationalrats - "WAK-N"). While it is broadly in favour of the proposals, it would like to see certain changes, such as a loosening of the obligation to issue a prospectus for offers made to a limited number of investors. Further potential for improvement still remains in certain areas, and the SSPA will continue to make specific proposals in this regard. The National Council is expected to decide on the proposed legislation during the 2017 autumn session. The final discussion of outstanding issues is planned for the 2017 winter session of 2018 spring session. The FIDLEG and FINIG are now expected to come into force on 1 January 2019 at the earliest.

In order to be properly prepared for the changes, project work on the execution provisions have already begun. Together with further industry associations, the SSPA is actively involved in this work, in particular in the field of the new prospectus rules and new basic information sheet. The Association is firmly convinced that, not least thanks to the close involvement of the sector, sensible and practical

operating conditions can be created for the Swiss market, without importing regulatory mistakes from abroad.

## **PRIIPs & MIFID2**

The EU PRIIPs Regulation – along with the introduction of standardised key information documents for products (so-called "KID") for "packaged products" – and the MIFID2/MIFIR regulatory package are set to come into force in January 2018. For the sector, the implementation of this regulation represents a major challenge. In the interim, the relevant technical execution provisions have been presented – but the devil is in the detail, and this means many outstanding questions remain. A number of industry working groups are currently discussing the PRIIPs Regulation and MIFID2. This involves, inter alia, topics such as the question of the issuer, the competent supervisory authority and the language used in the PRIIPs KIDs or the role of the manufacturer, distributor or co-manufacturer as well as the target market concept under MIFID2.

## **Section 871(m)**

In Switzerland, withholding tax will be imposed pursuant to Section 871(m) via the "issuer solution", meaning that the issuers of structured products will normally withdraw US withholding tax at a rate of 30%. A "custodian solution" is not practicable for structured products that are mass-distributed, because an allocation of the relevant "dividend equivalent payments" to the individual investors and corresponding reporting would not be possible for the banks without an onerous workload. SIX is currently examining how it can support the sector with reporting. The SSPA is staying on the ball, and will be providing further information within the context of the SSPA Forum 871(m).

## **Kepler Cheuvreux expands the industry association**

Inclusion of a new member in the second quarter, which means there have been a total of six new members since the start of the year, represents a further step towards an industry representation that is as broad as possible – the Association currently has 32 members.



Stefan Wyler, Head of Investment Solutions Zürich spoke about the new membership as follows: "With our platform "Derivatives Capital", which is based on the research, concept development and distribution of

bespoke structured products, we offer our clients a unique service. With our SSPA membership we are also pleased to underscore our commitment in Switzerland and to help actively shape the fortunes of the sector."

## International Structured Products Forum on 6/7 September in Lucerne

As the international industry meeting, the Lucerne Forum will this year once again offer a valued platform for discussion from 6 to 7 September. Together with SIX Swiss Exchange, the SSPA is actively shaping the programme – this year with the broad topic "Structured Products and Pension funds".



In addition to a panel discussion on the topic of "The Swiss Pension System – Challenging the Investment Industry", one of the two afternoon workshops will discuss in detail which tools and approaches are needed to keep inform pension funds properly and effectively informed about the use of structured products. Adequate ideas and measures are to be developed and defined in order to improve the technical understanding of pension fund managers, board of trustee members, pension fund consultants etc. about structured products, and to position these as innovative investment opportunities for pension funds. The developed approaches will then be integrated, further developed and implemented in the ongoing work of the Association.

8th International Structured Products Forum 6 to 7 September 2017, Grand Hotel National, Haldenstrasse 4, CH-6006 Lucerne. Further details and registration available [here](#).