

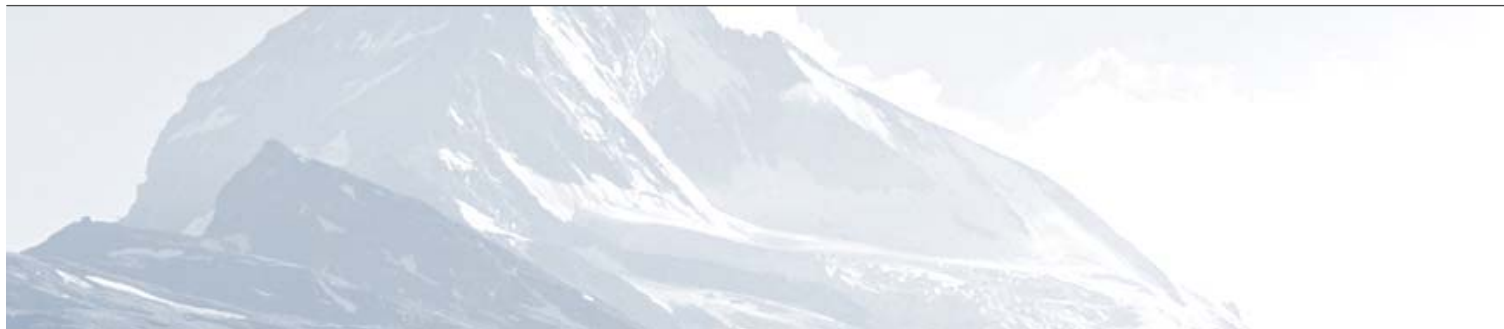
# Market report Structured products

September 2008

*“High turnover in a turbulent market”*

## SSPA Swiss Structured Products Association

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## Main points at a glance 1/2

### Key figures

- CHF 318 bn were invested in structured products in Swiss bank deposits (assets under management) as of the end of July 2008 (most recent data from the Swiss National Bank).
- This is an increase of some 2%, or CHF 6 bn, since the beginning of the year, and a CHF 2 bn (- 0.625%) decline from June.
- Compared with other types of security (shares, funds, etc.), this represents 6.72% of Swiss deposits as of July 2008, or a 5.8% increase since the beginning of the year.
- Private investors account for a 34.17% share, institutional investors for 58.93% and commercial clients for 6.9%.
- The Scoach exchange turnover of structured products in September 2008 was CHF 6.76 bn, or 39.96% more than the month before.
- The September turnover share of leverage products rose to 59.62%, up 48% over August, while that of investment products dropped slightly, to 40.38%.
- 24,683 products were listed at the end of September 2008 - a 10.9% increase since the beginning of the year.

## Main points at a glance 2/2

### Categorization model: innovations

- Exchangeable certificates became a new product type after issuers listed such products at the Scoach exchange. There are presently 94 such products listed.
- No categories were sublimated.
- A new version of the Swiss Derivative Map will be published in time for the Structured Products Fair held 23-24 October, at Zurich's Kongresshaus.
- For more information about the new product types, explanation of terms and the Swiss Derivative Map, visit the Association website **[www.sspa-association.ch](http://www.sspa-association.ch)**.

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## 1. Product classification

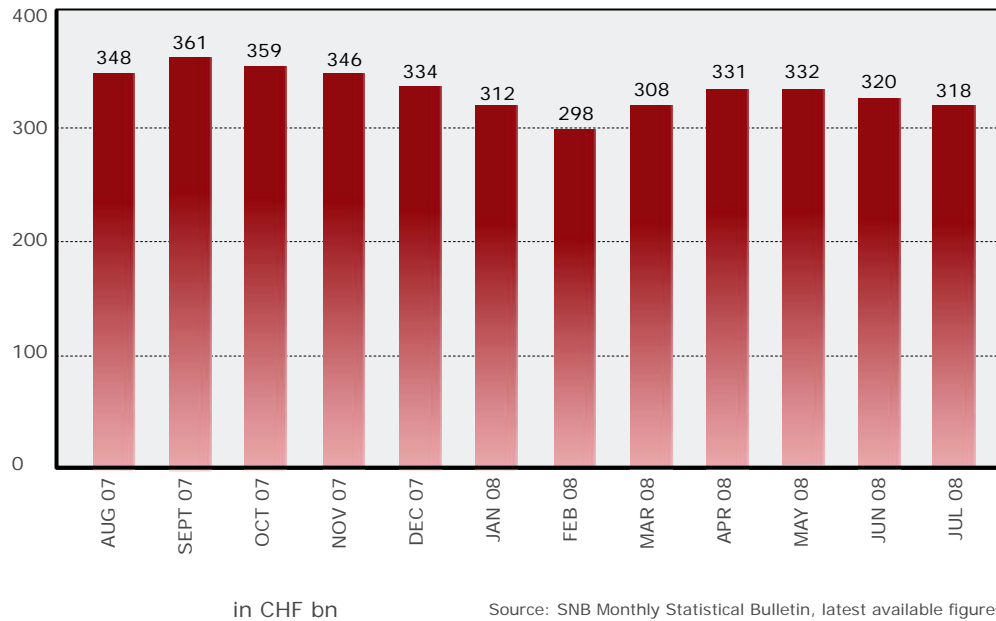
### 1.1 SSPA product classification

Leverage Products	Participation Products	Yield Enhancement Products	Capital Protected Products
Warrants	Tracker Certificates	Discount Certificates	Uncapped Capital Protected
Spread Warrants	Bonus Certificates	Barrier Discount Certificates	Exchangeable Certificates
Knock-Out Warrants	Outperformance Certificates	Reverse Convertibles	Capped Capital Protected
Mini-Futures	Outperformance Bonus Certificates	Barrier Reverse Convertibles	Capital Protected with Coupon
	Airbag Certificates	Barrier Range Reverse Convertibles	Capital Protected with Knock-Out
	Twin-Win Certificates	Capped Outperformance Certificates	
		Express Certificates	
		Capped Bonus Certificates	

- The Association's product classification comprises four main groups and 23 product types.
- Use the interactive product finder on the Association website [www.sspa-association.ch](http://www.sspa-association.ch).
- Classifications are checked monthly and updated as needed.
- We create new product types when no less than three issuers each issue at least three products of a similar type.

## 2. Securities held in banks' client deposits

### 2.1 Structured products in the last 12 months



- The structured products market grew from CHF 312 bn to CHF 318 bn - a 1.9% increase - from January 2008 to July 2008.
- We predict continued growth in the structured products market in the coming years.

## 2. Securities held in banks' client deposits

### 2.2 All categories

in CHF bn

Date	Total	Money market papers	Bonds	Shares	Investment funds	Structured products	Other securities
2007	5,235	94	1,221	1,894	1,689	334	3
Aug 07	5,272	82	1,235	1,988	1,613	348	6
Sep 07	5,334	80	1,236	2,008	1,643	361	5
Oct 07	5,420	90	1,242	2,038	1,642	359	5
Nov 07	5,298	93	1,233	1,979	1,689	346	5
Dec 07	5,235	94	1,221	1,894	1,597	334	3
Jan 08	4,911	97	1,196	1,706	1,597	312	3
Feb 08	4,820	94	1,184	1,674	1,567	298	3
Mar 08	4,720	105	1,162	1,631	1,511	308	3
Apr 08	4,899	109	1,182	1,708	1,566	331	3
May 08	4,964	107	1,180	1,759	1,583	332	3
Jun 08	4,717	102	1,156	1,616	1,520	320	3
Jul 08	4,735	112	1,193	1,605	1,505	318	2

Source: SNB Monthly Statistical Bulletin, in-house calculation

- Since January 2008, total securities held declined from CHF 4,911 bn to CHF 4,735 bn, a non-price-adjusted drop of 3.58%.
- The share of structured products increased by some 2%, or CHF 6 bn, during the same period. The decline from June to July was CHF 2 bn, or -0.625%.

## 2. Securities held in banks' client deposits

### 2.2 All categories in percent

Date	Money market papers	Bonds	Shares	Investment funds	Structured products	Other securities
<b>2007</b>	1.80%	23.32%	36.18%	32.26%	6.38%	0.06%
<b>Aug 07</b>	1.56%	23.43%	37.71%	30.60%	6.60%	0.11%
<b>Sep 07</b>	1.50%	23.17%	37.65%	30.80%	6.77%	0.09%
<b>Oct 07</b>	1.66%	22.92%	37.60%	31.09%	6.62%	0.09%
<b>Nov 07</b>	1.76%	23.27%	37.35%	30.99%	6.53%	0.09%
<b>Dec 07</b>	1.80%	23.32%	36.18%	32.26%	6.38%	0.06%
<b>Jan 08</b>	1.98%	24.35%	34.74%	32.52%	6.35%	0.06%
<b>Feb 08</b>	1.95%	24.56%	34.73%	32.51%	6.18%	0.06%
<b>Mar 08</b>	2.22%	24.62%	34.56%	32.01%	6.53%	0.06%
<b>Apr 08</b>	2.22%	24.13%	34.86%	31.97%	6.76%	0.06%
<b>May 08</b>	2.16%	23.77%	35.44%	31.89%	6.69%	0.06%
<b>Jun 08</b>	2.16%	24.51%	34.26%	32.22%	6.78%	0.06%
<b>Jul 08</b>	2.37%	25.20%	33.90%	31.78%	6.72%	0.04%

Source: SNB Monthly Statistical Bulletin, in-house calculation

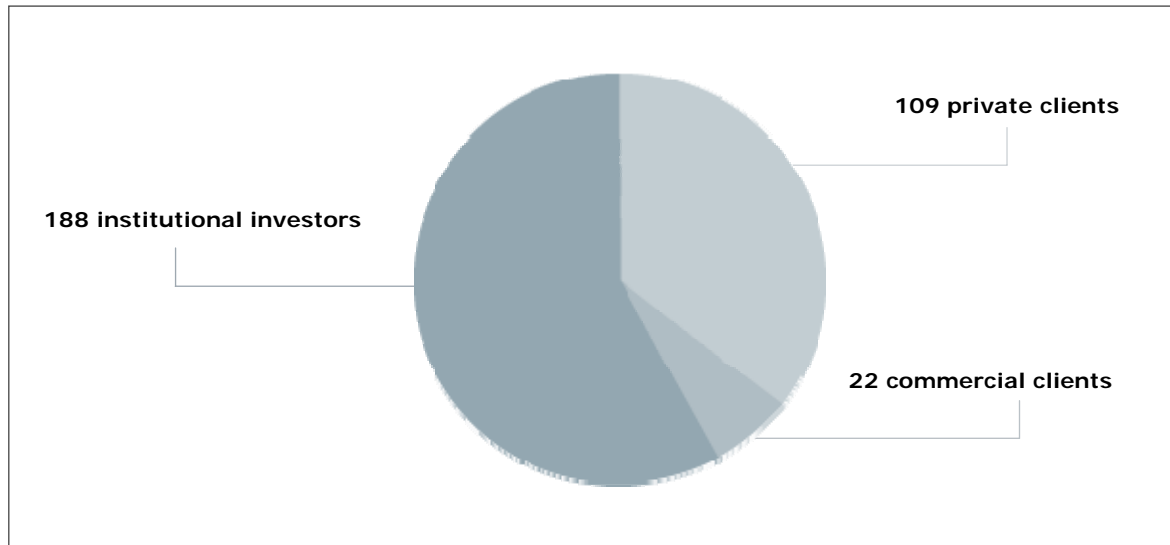
- In July 2008, 6.72% of client deposits were invested in structured products.
- Increases in assets under management, compared to the beginning of the year, took place in money market papers, bonds and structured products. Shares and investment funds were among the losers.
- We estimate that investments in structured products will grow to more than 10% in the next five years.



## 2. Securities held in banks' client deposits

### 2.4 By client segment (deposit holders)

in CHF bn



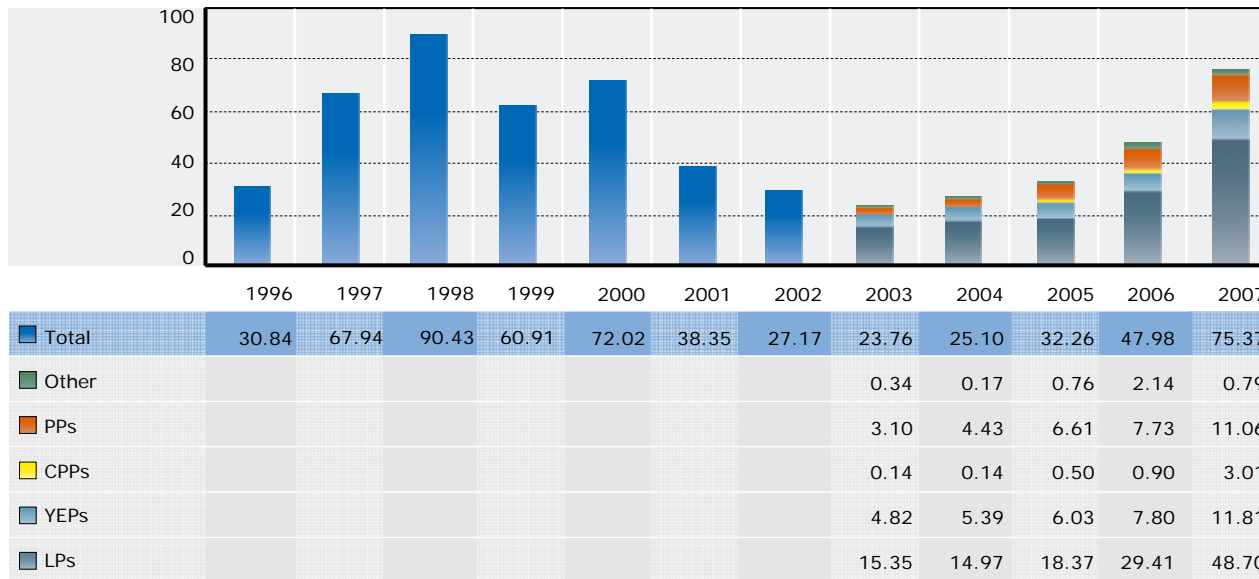
Source: SNB Monthly Statistical Bulletin

- Institutional investors account for 58.93% of investments in structured products, private investors for 34.17% and commercial clients the remaining 6.9%.
- Investment managers often make investment decisions for private investors. We estimate that investment managers acting on behalf of private investors placed more than half of structured products.

### 3. Structured products at the Scoach exchange

#### 3.1 Turnover, 1996 - 2007

in CHF bn



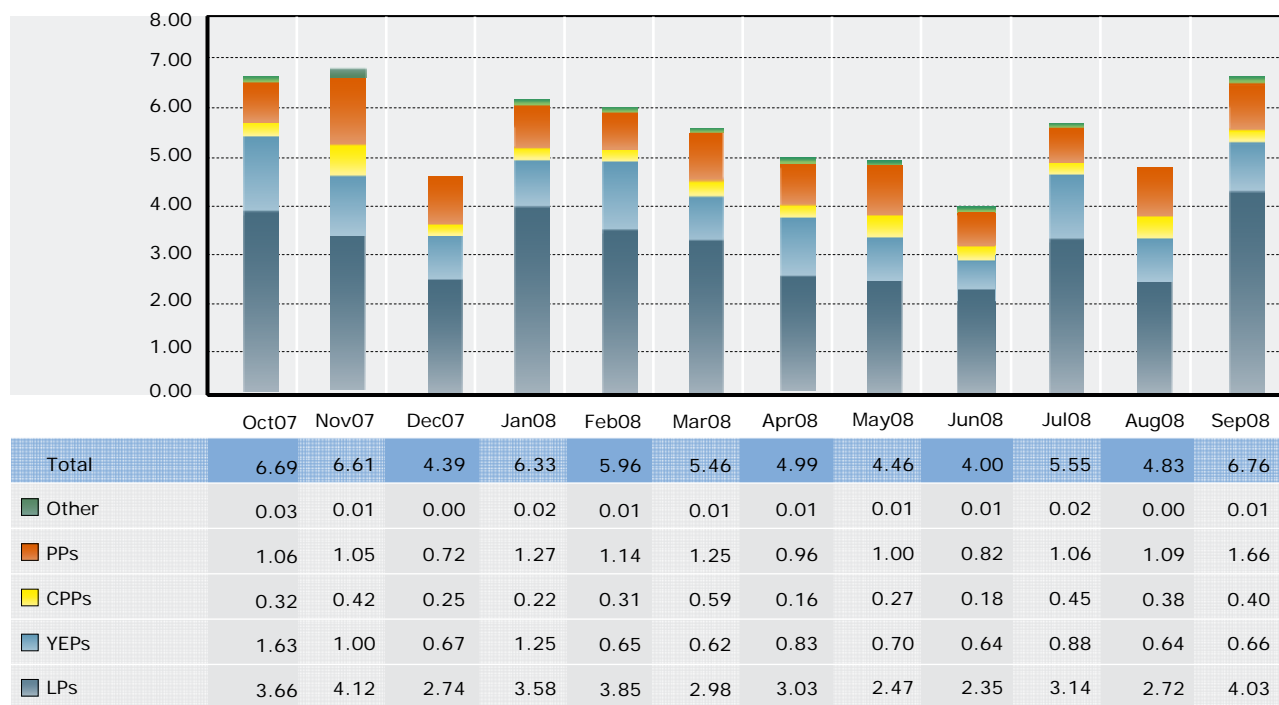
Source: Derivative Partners Research AG

- Leverage products have traditionally accounted for the biggest part of stock exchange turnover, but participation and yield enhancement products also account for a solid share.
- The 2007 structured products turnover at the Scoach exchange rose to 157.07% (75.36 billion) of the previous year's turnover of 47.98 billion.
- With an increase of 234.44%, the category showing the highest growth in 2007 was capital protected products.

### 3. Structured products at the Scoach exchange

#### 3.2 Turnover in the last 12 months

in CHF bn

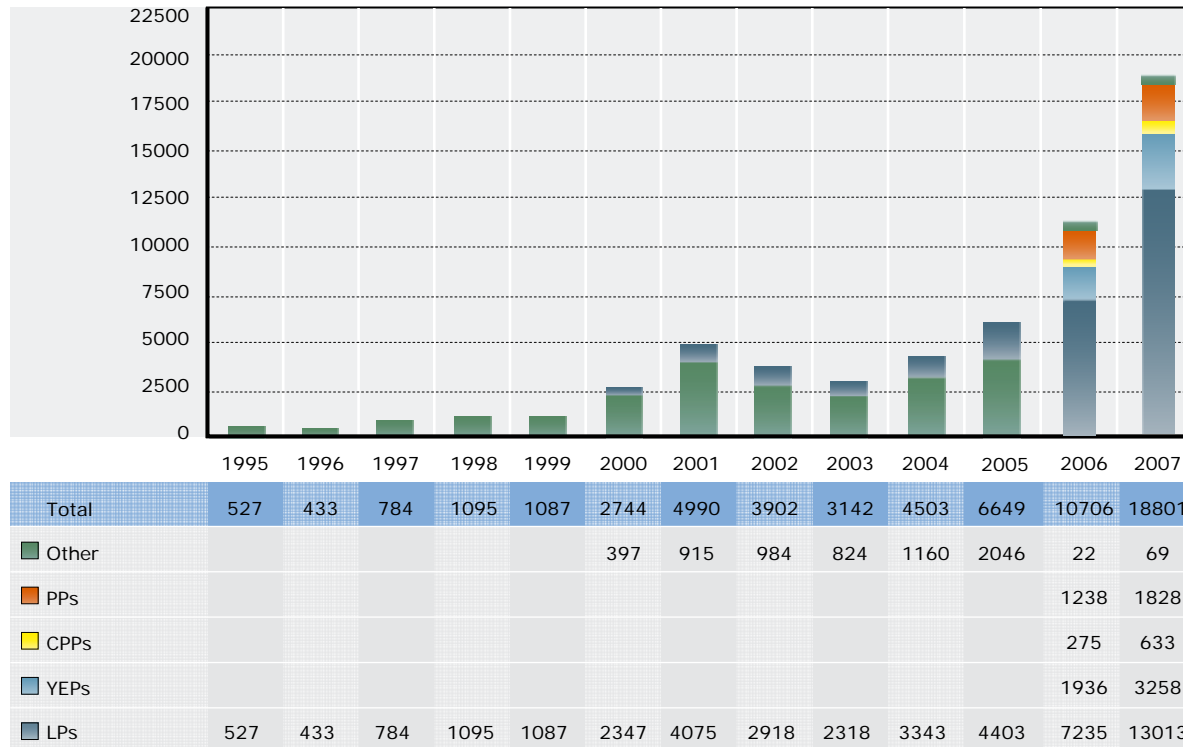


Source: Derivative Partners Research AG

- In the current year turnover peaked at CHF 6.76 bn in September, a month-on-month increase of CHF 1.93 bn, or 39.96%. Leverage products accounted for the biggest share of CHF 4.03 bn or 59.62%, a 48% increase on the previous month. In September the share of investment products in stock exchange turnover declined slightly, to 40.38%.
- The increase is due to the hectic stock exchange climate engendered by the current financial crisis.

### 3. Structured products at the Scoach exchange

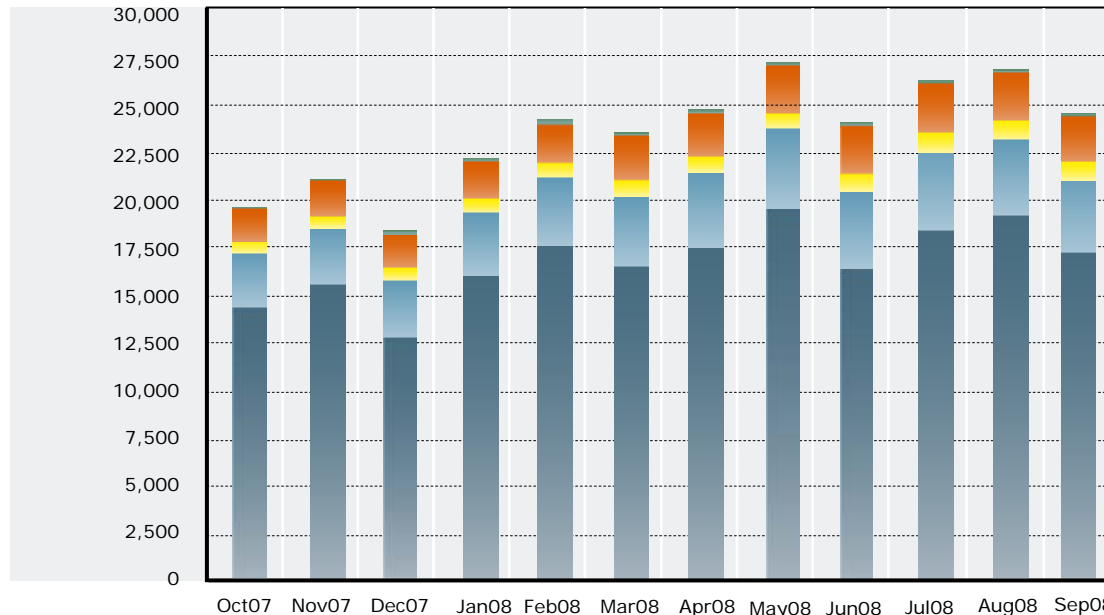
#### 3.3 Number of listed products, 1995 –2007



Source: Derivative Partners Research AG

### 3. Structured products at the Scoach exchange

#### 3.4 Number of listed products in the last 12 months



- At the end of September the number of listed products declined for the first time since June. The increase since the beginning of the year, however, is significant. 22,259 products were listed on the Scoach exchange in January this year, to rise by September to 24,683 - a 10.9% increase.
- Stock exchange hectic and the present freight market situation account for the decline in new issues.

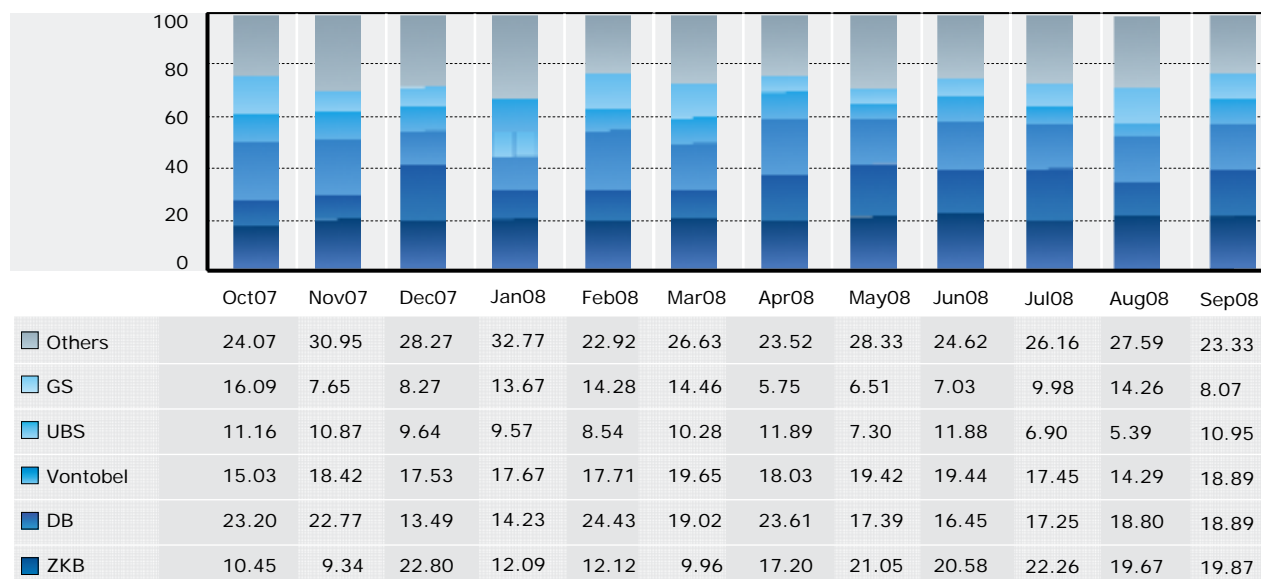
	Oct07	Nov07	Dec07	Jan08	Feb08	Mar08	Apr08	May08	Jun08	Jul08	Aug08	Sep08
<b>Total</b>	19305	21168	18801	22259	24286	23005	24926	26755	24142	25831	26631	24683
Other	67	75	69	74	75	74	78	80	83	80	79	92
PPs	1743	1794	1828	1998	2168	2221	2399	2506	2587	2644	2621	2602
CPPs	587	612	633	672	752	776	830	890	950	985	1016	1032
YEPs	3160	3247	3258	3613	3953	4065	4282	4450	4457	4411	4334	4216
LPs	13748	15440	13013	15902	17338	15869	17337	18829	16065	17711	18581	16741

Source: Derivative Partners Research AG

### 3. Structured products at the Scoach exchange

#### 3.5 Market shares of the five biggest issuers

in percent



Source: Derivative Partners Research AG

- As of September, 2008, the five biggest issuers of stock-exchange-listed structured products were Zürcher Kantonalbank (19.87% market share), Bank Vontobel (18.89%), Deutsche Bank (18.89%), UBS (10.95%) and Goldman Sachs (8.07%), followed by EFG, whose market share rose to 5.1%.
- Winners from January to September were ZKB (+64.35%); Deutsche Bank (+32.75%); UBS (+14.42%) and Vontobel (+6.9%). Losers: Goldman Sachs (-40.97%); Dresdner Bank (-96.14%); CS (-64.81%) and ABN AMRO (-46.18%).
- Scoach exchange market shares are representative of the overall market to only a limited extent due to the volume traded outside the exchange.

## 4. Appendix

### 4.1 Abbreviations

Leverage Products.....	LPs
Capital Protected Products.....	CPPs
Participation Products .....	PPs
Yield Enhancement Products .....	YEPs
Other products .....	Other
billion.....	bn

### 4.2 Issued by

**Swiss Structured Products Association SSPA**

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Published monthly and quarterly in more detail

### 4.3 Data sources

Swiss National Bank: Monthly Statistical Bulletin,  
 Derivative Partners Research AG,  
 in-house surveys

Key date 30 September 2008.

### 4.4 Disclaimer

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