

Market Report Structured Products Quarterly Report

September 2013

Swiss Structured Products Association SSPA



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1. Main points at a glance

1.1 Key figures

- CHF 170.89 bn were invested in structured products in Swiss bank deposits (assets under management) as of the end of July 2013 (most recent data from the Swiss National Bank). This is a plus of 1.02%.
- Compared with other types of securities this represents 3.62% of all Swiss deposits.
- Private investors account for a 35.88% share in deposits, institutional investors for 57.06% and commercial clients for 7.06%.
- The Scoach exchange turnover of structured products in September 2013 was CHF 1.99 bn, which is a decrease of 13.18% compared to the previous month.
- The category of leverage products holds a share of 54.44% of the total turnover. The share for investment products decreased to 45.56%.
- 35'845 products were listed at the end of September 2013 of which 10'930 (30.49%) were issued in the third quarter.
- In September 2013, the five biggest issuers of stock-exchange-listed structured products are UBS (market share total: 24.43%), Bank Vontobel (24.11%), ZKB (20.99%), Bank Julius Baer (9.38%) and Credit Suisse (7.29%). The share of all other issuers is 13.80%.
- The distribution of SSPA risk figures shows for the category yield enhancement a comparatively broadly diversified distribution of risk classes whereas almost 70 percent of the participation products account for the mid-level risk classes 3 and 4. The development of VaR values shows that the risks developed rather constantly since the beginning of this year, with a slightly increasing trend.

1.2 Information of the SSPA

- For more information about product types, footnotes and the Swiss Derivative Map, visit the association website: www.sspa-association.ch.
- On this website one can also find information about issuer creditworthiness and the newly launched SSPA Risk Figure (SSPA Risk Rating) which estimates a structured product's market risk on basis of the Value at Risk (VaR) approach.

2. Product categorization

2.1 SSPA product categorization as on 30.09.2013

INVESTMENT PRODUCTS

11 Capital Protection		12 Yield Enhancement		13 Participation	
1100	Capital Protection Certificate with Participation	1200	Discount Certificate	1300	Tracker Certificate
1110	Convertible Certificate	1210	Barrier Discount Certificate	1310	Outperformance Certificate
1130	Barrier Capital Protection Certificate	1220	Reverse Convertible	1320	Bonus Certificate
1140	Capital Protection Certificate with Coupon	1230	Barrier Reverse Convertibl	1330	Bonus Outperformance Certificate
1199	Miscellaneous Capital Protection Certificates	1260	Express Certificate	1340	Twin-Win Certificate
		1299	Miscellaneous Yield Enhancement Certificates	1399	Miscellaneous Participation Certificates

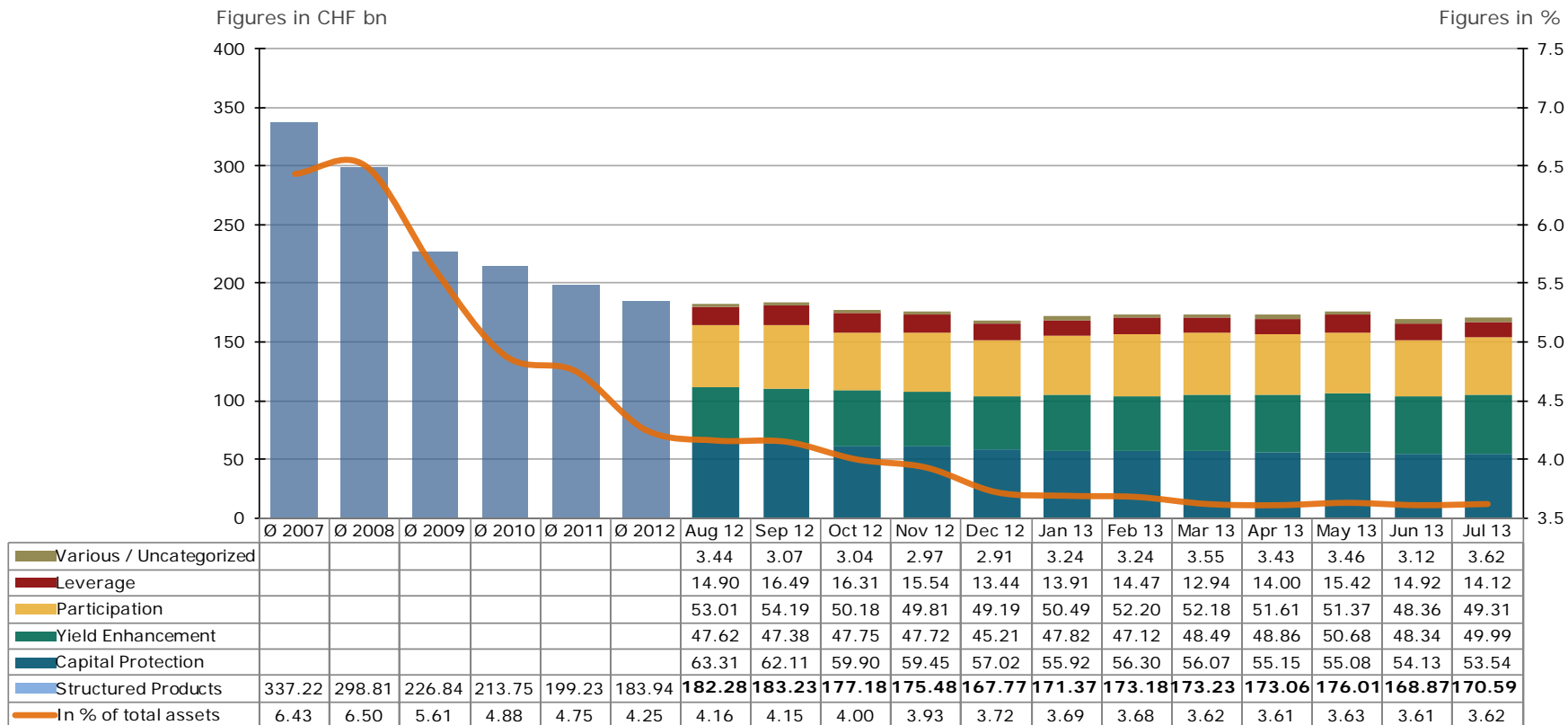
LEVERAGE PRODUCTS

14 Investment Products with Reference Entities		20 Leverage	
1410	Reference Entity Certificate with Conditional Capital Protection	2100	Warrant
1420	Reference Entity Certificate with Yield Enhancement	2110	Spread Warrant
1430	Reference Entity Certificate with Participation	2200	Warrant with Knock-Out
		2210	Mini-Future
		2300	Constant Leverage Certificate
		2099	Miscellaneous Leverage Certificates

- The Association's product classification comprises five main groups and 26 product types.
- Use the interactive product finder on the Association website: www.sspa-association.ch (product finder).
- Classifications are checked monthly and updated if needed.
- We create new product types when no less than three issuers each issue at least three products of a similar type.

3. Securities held in bank's client deposits

3.1 Structured products since 2007



*The SNB monthly statistics (partial census) contains only banks with deposits > 4.3 Mrd. CHF. According to the SNB yearly statistics (total census), however, the absolute deposits in Structured Products would be up by about 2 – 3%.

Source: SNB Monthly Statistical Bulletin, latest available figures

3. Securities held in banks' client deposits

3.2 All categories

Figures in CHF bn

Date	Total	Money Market	Bonds	Shares	Investment Funds	Structured Products	Other Securities
Ø 2005	3'927	58	1'202	1'467	1'012	182	36
Ø 2006	4'598	67	1'203	1'759	1'307	247	15
Ø 2007	5'246	82	1'232	1'990	1'599	337	6
Ø 2008	4'594	115	1'180	1'533	1'465	299	3
Ø 2009	4'040	131	1'205	1'249	1'227	227	2
Ø 2010	4'378	111	1'266	1'450	1'336	214	2
Ø 2011	4'197	102	1'177	1'424	1'294	199	1
Ø 2012	4'335	75	1'229	1'489	1'357	184	1
Jul 12	4'377	81	1'246	1'482	1'383	184	1
Aug 12	4'384	76	1'252	1'493	1'380	182	1
Sep 12	4'420	72	1'246	1'522	1'395	183	1
Oct 12	4'426	71	1'247	1'533	1'397	177	1
Nov 12	4'466	71	1'246	1'565	1'408	175	1
Dez 12	4'515	66	1'251	1'599	1'430	168	1
Jan 13	4'640	67	1'245	1'695	1'461	171	1
Feb 13	4'712	69	1'250	1'733	1'486	173	1
Mar 13	4'786	67	1'255	1'774	1'515	173	1
Apr 13	4'788	68	1'242	1'783	1'521	173	1
May 13	4'845	69	1'248	1'799	1'552	176	1
Jun 13	4'672	67	1'205	1'732	1'498	169	1
Jul 13	4'714	68	1'191	1'774	1'509	171	1

- Compared to the previous year total securities held increased from CHF 4'377 bn to CHF 4'714 bn in July 2013 (plus CHF 377 bn), which is a non-price-adjusted rise of 7.70%.
- In this period, the market for structured products decreased from CHF 183.66 bn to CHF 170.56 bn. This is a minus of 7.12%.
- On the one hand money market papers (-15.27%) were most remarkably affected by withdrawals. On the other hand the market share in shares (+19.73%) has most remarkably increased.

Source: SNB Monthly Statistical Bulletin, latest available figures

3. Securities held in banks' client deposits

3.3 All categories in percent

Figures in %

Date	Money Market	Bonds	Shares	Investment Funds	Structured Products	Other Securities
Ø 2005	1.48	30.61	37.36	25.76	4.63	0.92
Ø 2006	1.46	26.16	38.25	28.42	5.37	0.33
Ø 2007	1.57	23.49	37.93	30.48	6.43	0.11
Ø 2008	2.51	25.69	33.37	31.88	6.50	0.06
Ø 2009	3.23	29.84	30.90	30.37	5.61	0.05
Ø 2010	2.54	28.91	33.11	30.52	4.88	0.04
Ø 2011	2.43	28.06	33.89	30.83	4.75	0.03
Ø 2012	1.73	28.35	34.34	31.30	4.25	0.03
Jul 12	1.84	28.48	33.86	31.60	4.20	0.02
Aug 12	1.73	28.56	34.04	31.49	4.16	0.02
Sep 12	1.64	28.19	34.43	31.56	4.15	0.02
Oct 12	1.60	28.17	34.64	31.56	4.00	0.02
Nov 12	1.58	27.89	35.05	31.53	3.93	0.02
Dez 12	1.47	27.71	35.41	31.67	3.72	0.02
Jan 13	1.44	26.83	36.54	31.48	3.69	0.02
Feb 13	1.47	26.53	36.77	31.53	3.68	0.02
Mar 13	1.41	26.22	37.06	31.66	3.62	0.02
Apr 13	1.42	25.93	37.24	31.77	3.61	0.02
May 13	1.41	25.76	37.14	32.04	3.63	0.02
Jun 13	1.43	25.79	37.07	32.07	3.61	0.02
Jul 13	1.45	25.26	37.64	32.01	3.62	0.02

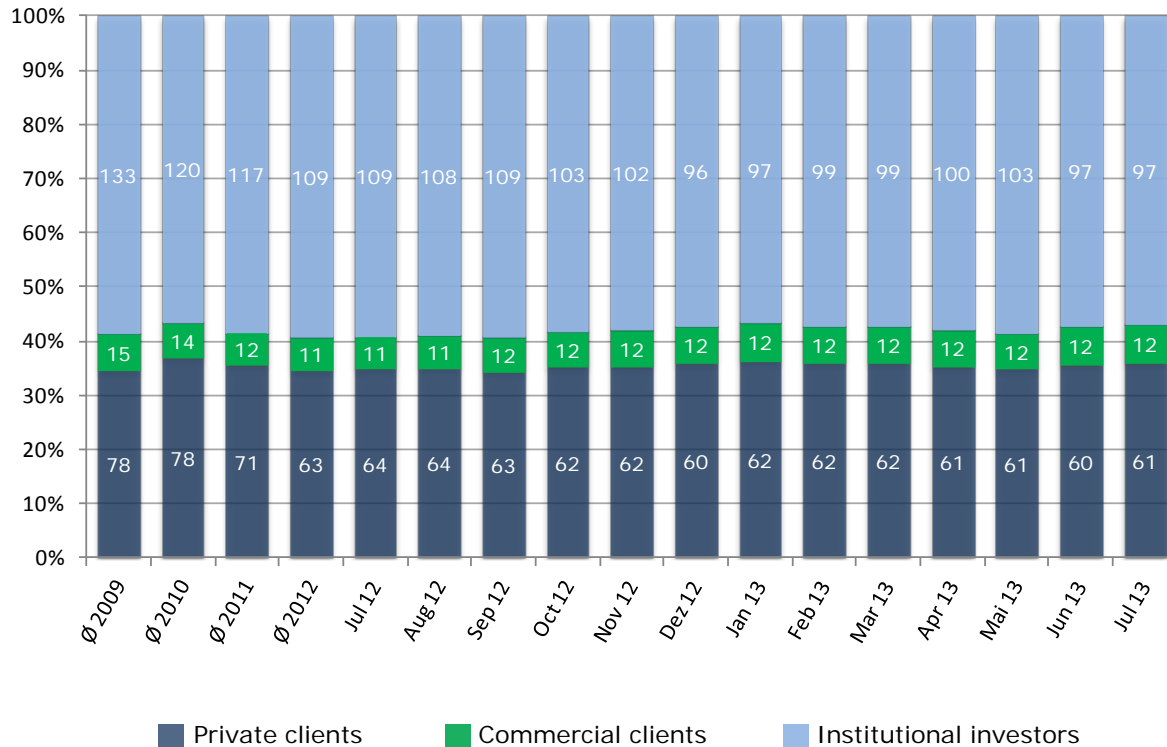
- In July 2013 3.62% of all client deposits were invested in Structured Products.
- Compared to the preceding year (4.20%) this is a decrease of 13.81%.
- In the other asset classes there has for the same period been a shift away from money market papers (-21.20%), structured products (-13.18%) and bonds (-11.31%) to shares (+11.16%) and investment funds (+1.30%).

Source: SNB Monthly Statistical Bulletin, latest available figures

3. Securities held in banks' client deposits

3.4 By client (deposits holders)

Figures in CHF bn



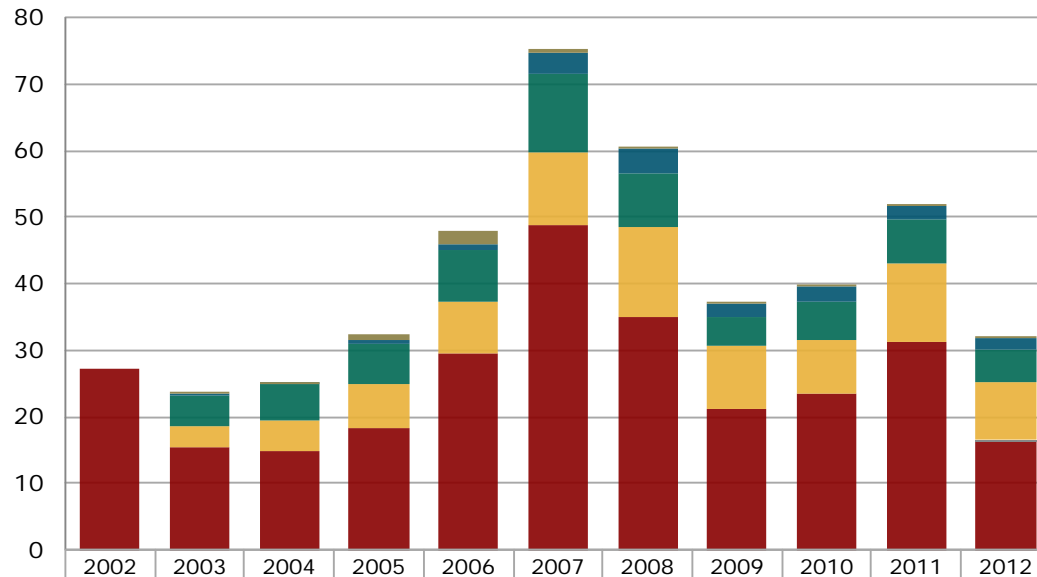
- SSPA estimates that more than half of all Structured Products are placed by investment managers acting on behalf of private investors.

Source: SNB Monthly Statistical Bulletin, latest available figures

4. Structured products at the Scoach exchange

4.1 Turnover 2002 - 2012

Figures in CHF bn



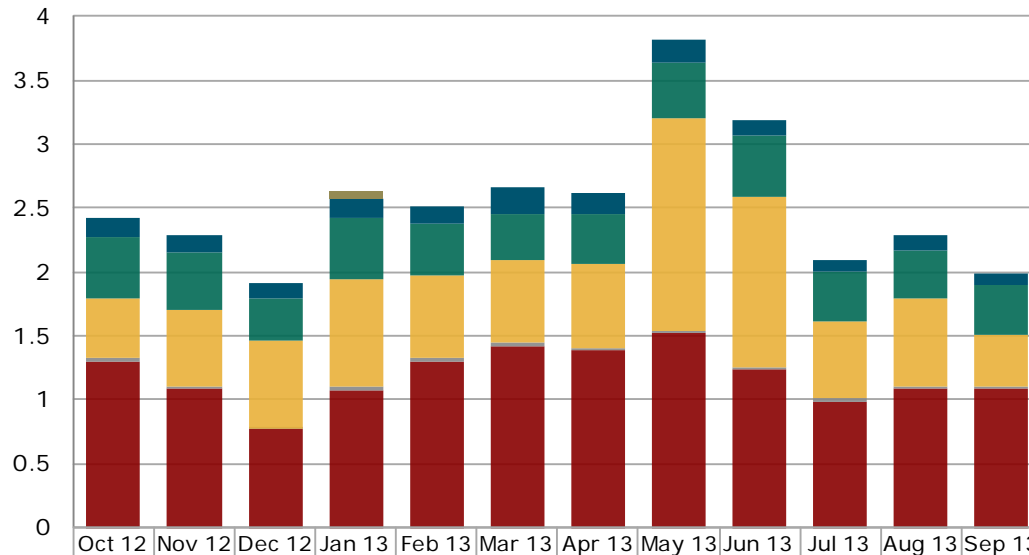
- With a total turnover of CHF 31.87 bn in 2012 on the Scoach exchange the turnaround started since the low in 2009 could not be continued.
- Compared to the previous year 2011 turnover decreased sharply by CHF 19.99 bn (-38.55%). Measured against the exceptionally strong year 2007 it equals about 42.28% of the turnover.
- Against 2011 in 2012 especially leverage products (-47.86%), participation products (-27.32%) and yield enhancement products (-25.59%) were less in demand.

Source: SIX Swiss Exchange, Derivative Partners Research AG

4. Structured products at the Scoach exchange

4.2 Turnover in the last 12 months

Figures in CHF bn

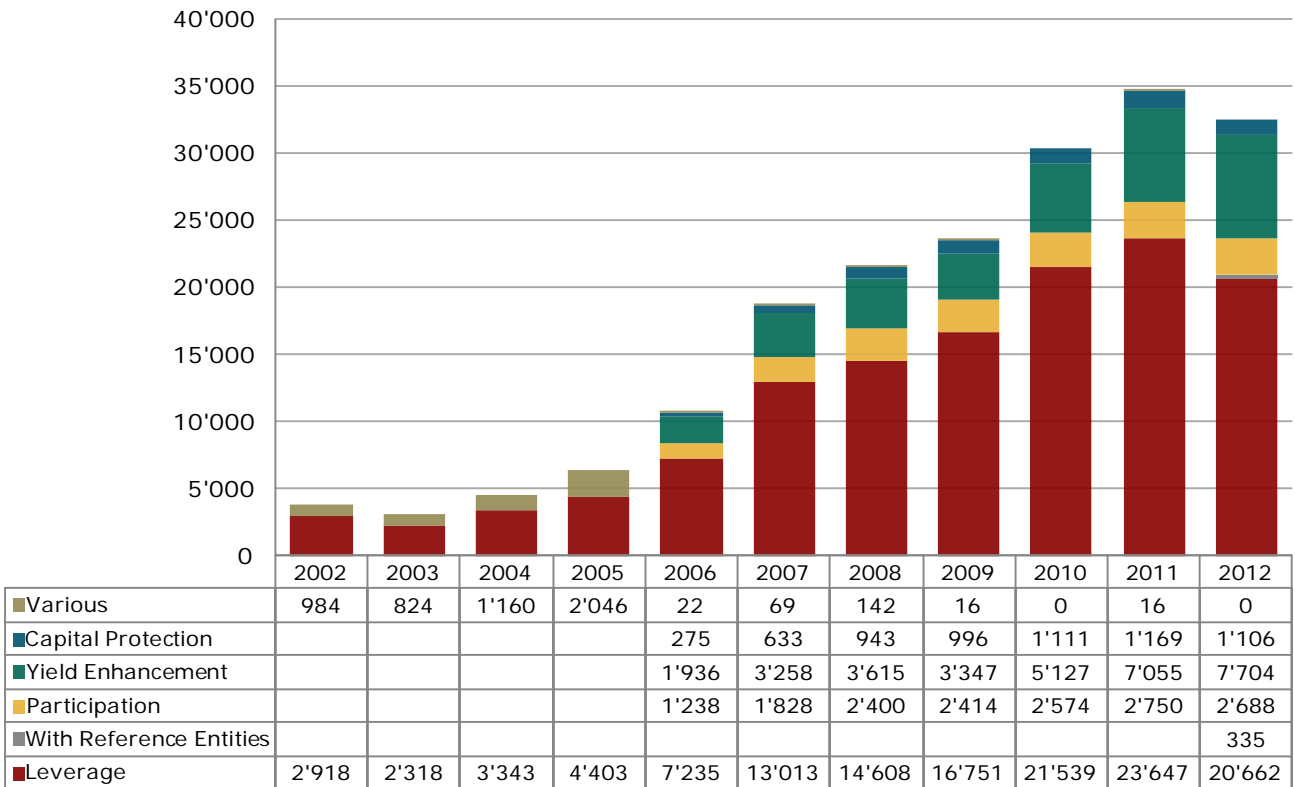


- Compared to the previous month the turnover decreased in September by 13.18%.
- Turnover has decreased especially in the category of participation products (-41.17%) and capital protection products (-26.44%).

Source: SIX Swiss Exchange, Derivative Partners Research AG

4. Structured products at the Scoach exchange

4.3 Number of listed products 2002 – 2012

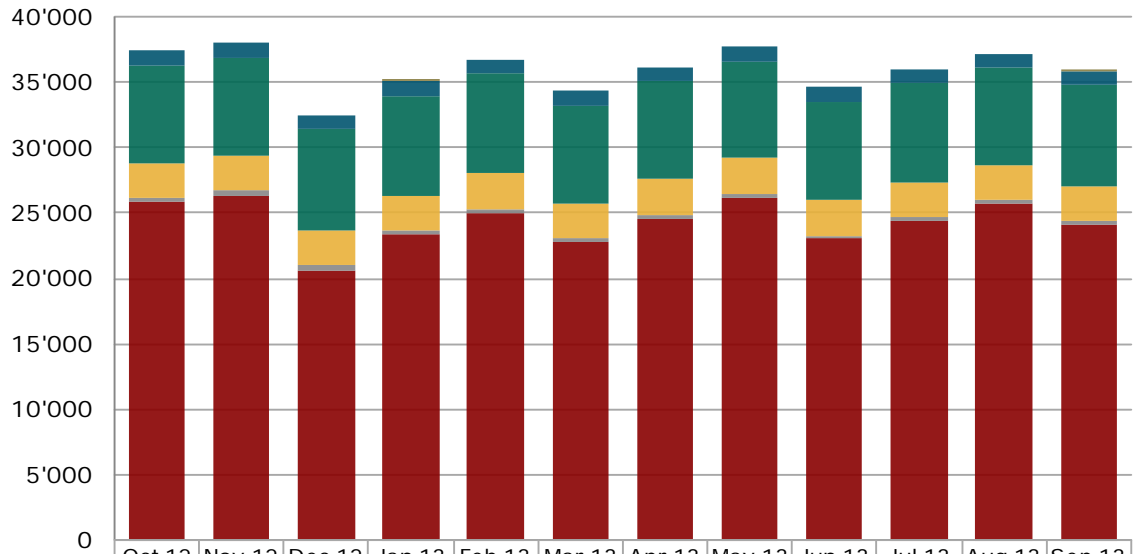


- With an amount of 32'495 products at the end of 2012 there have been less products issued compared to the previous year. Compared to 2011 the decrease totals 2'146 products (-6.18%).
- In 2012 especially leverage products (-12.62%) suffered losses.

Source: SIX Swiss Exchange, Derivative Partners Research AG

4. Structured products at the Scoach exchange

4.4 Number of listed products in the last 12 months



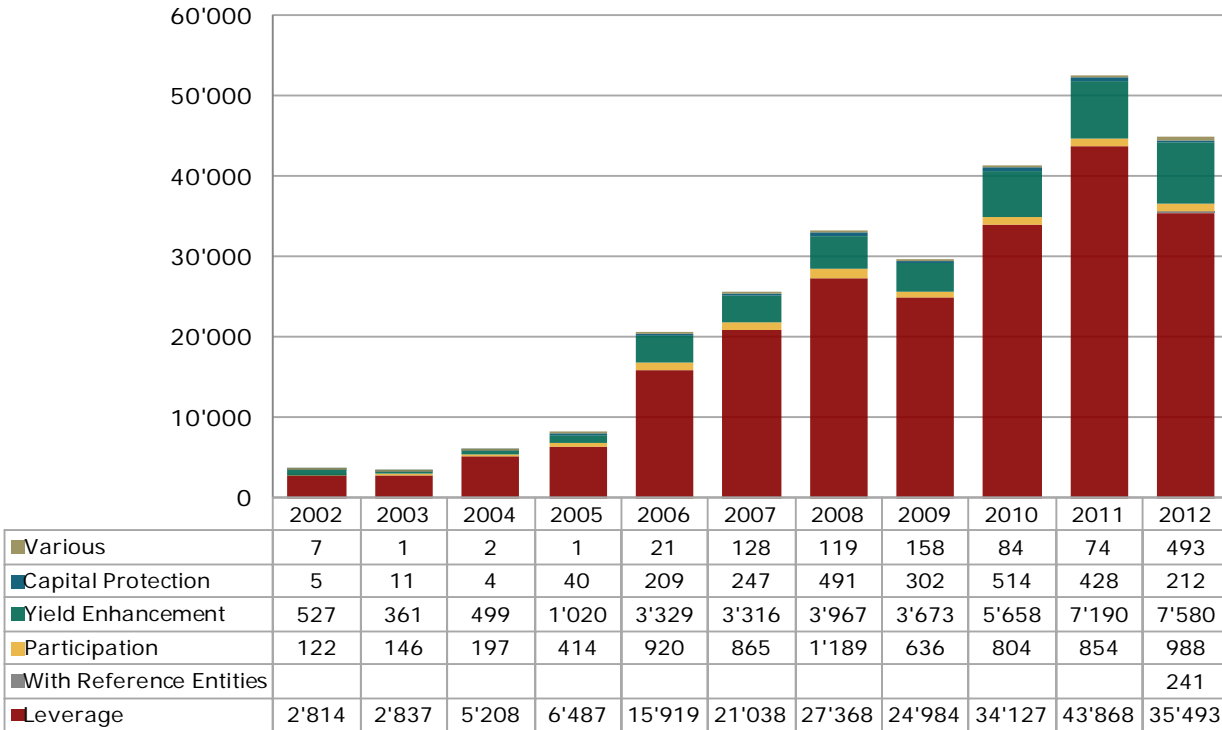
- In the third quarter especially the category of leverage products (+4.76%) and the category yield enhancement (+2.51%) achieved an increase. However, listed products for the category of participation products (-2.25%) decreased.
- The number of listed products with reference entities increased in September 2013 by 2.07%.
- Please note that in March, June and September a large amount of products was regularly delisted due to scheduled expiration (large expiration at the exchanges).

Various	0	0	0	3	0	0	0	0	0	0	0	1
Capital Protection	1'136	1'113	1'106	1'101	1'083	1'080	1'077	1'076	1'069	1'086	1'076	1'073
Yield Enhancement	7'503	7'527	7'704	7'577	7'610	7'443	7'472	7'458	7'558	7'629	7'537	7'748
Participation	2'653	2'663	2'688	2'663	2'719	2'739	2'731	2'674	2'671	2'637	2'611	2'611
With Reference Entities	358	351	335	333	326	317	307	298	289	292	290	296
Leverage	25'813	26'381	20'662	23'381	25'034	22'735	24'593	26'219	23'021	24'410	25'720	24'116

Source: SIX Swiss Exchange, Derivative Partners Research AG

4. Structured products at the Scoach exchange

4.5 New issues 2002 – 2012

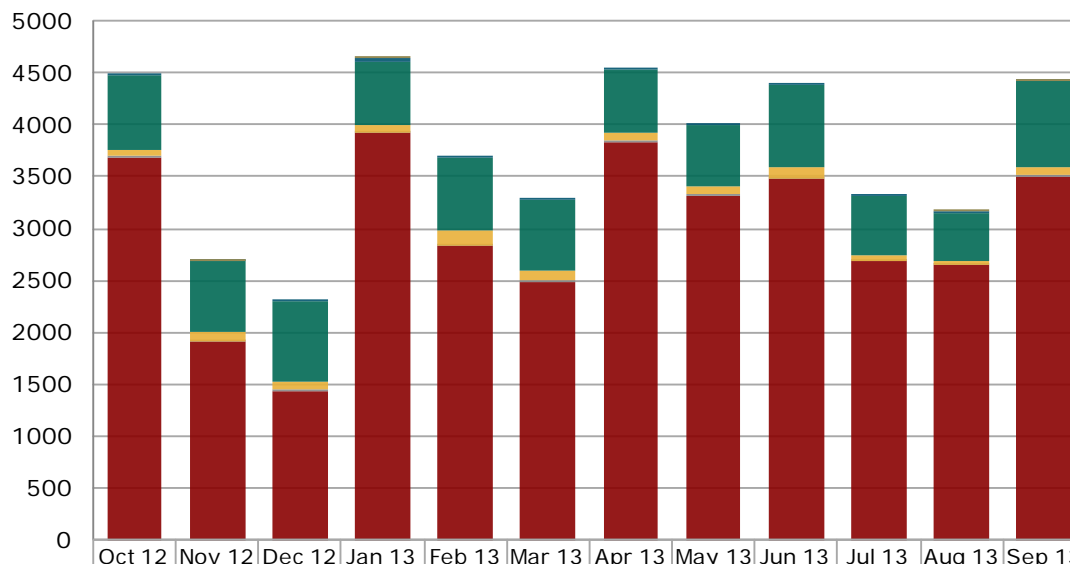


- In the year 2012 with 45'007 new issues the previous years could not be outreached. Compared to 2011 it is a decrease of 14.13%.
- Leverage products accounted for the biggest part with 78.86%. Primarily yield enhancement products were issued in the category of investment products with a share of 16.84%.

Source: SIX Swiss Exchange, Derivative Partners Research AG

4. Structured products at the Scoach exchange

4.6 New issues in the last 12 months



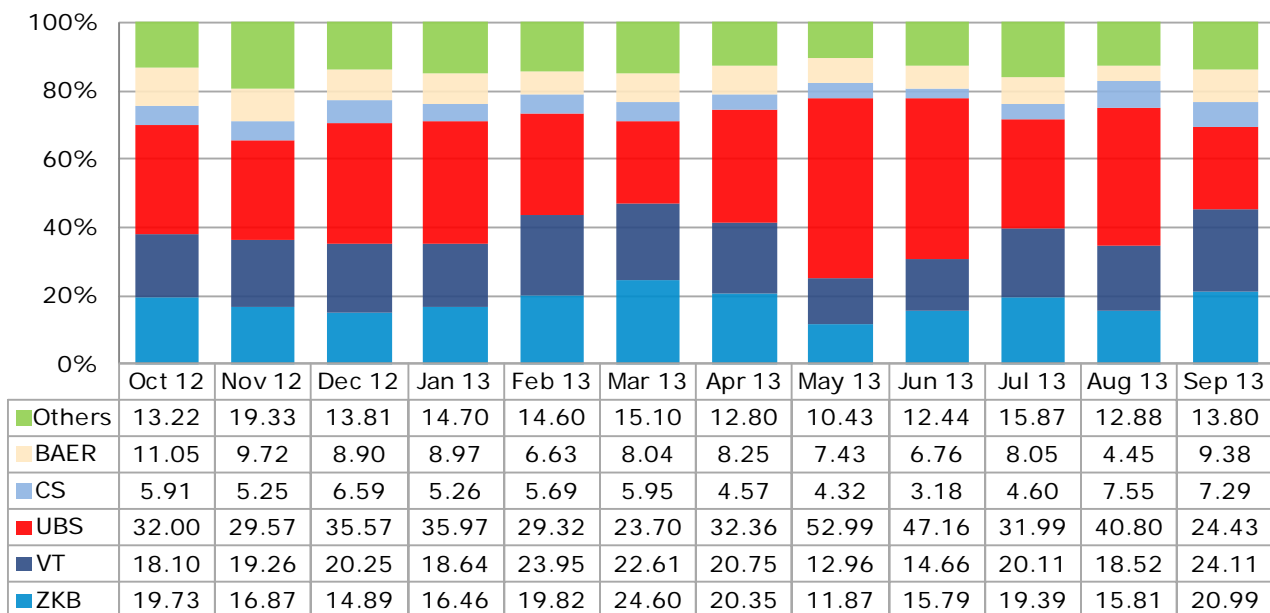
- Whereas 12'941 products were issued in the second quarter of 2013 the third quarter 2013 saw an decrease of 15.54% to 10'930 products.
- Compared to the beginning of the year 2013 (4'639 products) a lesser amount of products was issued in September (-4.48%).

Source: SIX Swiss Exchange, Derivative Partners Research AG

4. Structured products at the Scoach exchange

4.7 Market shares (turnover) of the five largest issuers

Figures in %



- In September 2013, the five biggest issuers of stock-exchange-listed structured products are UBS (market share total: 24.43%), Bank Vontobel (24.11%), ZKB (20.99%), Bank Julius Baer (9.38%) and Credit Suisse (7.29%).
- In the third quarter among the five largest issuers Credit Suisse (+129.25%), Bank Vontobel (+64.46%), Bank Julius Baer (+38.76%) and ZKB (+32.94%) could improve their shares at the expense of UBS (-48.20%).

Source: SIX Swiss Exchange, Derivative Partners Research AG

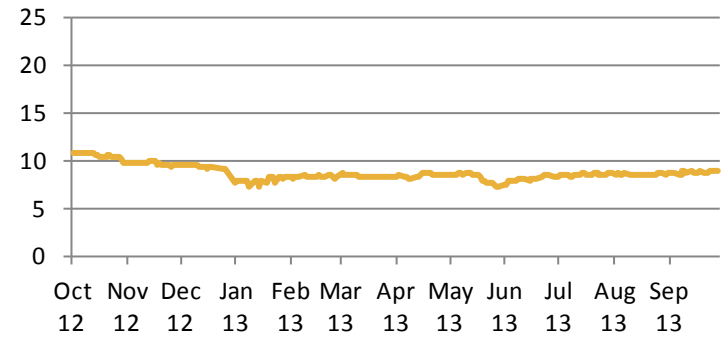
5. SSPA risk figure

5.1 Aggregated Market Risk (VaR) during the year

Capital Protection



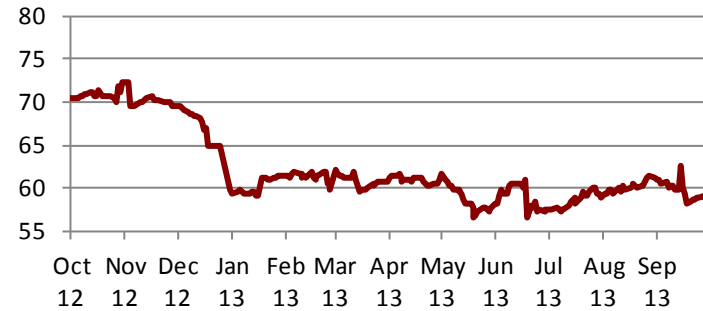
Participation



Yield Enhancement



Leverage

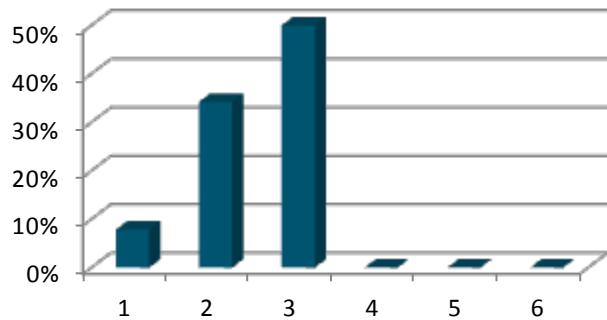


Value at Risk (VaR) Measuring unit of a product's market risk, it describes the loss that will not be exceeded within a specific holding period (i.e. 10 days) with a defined probability (i.e. 99%).

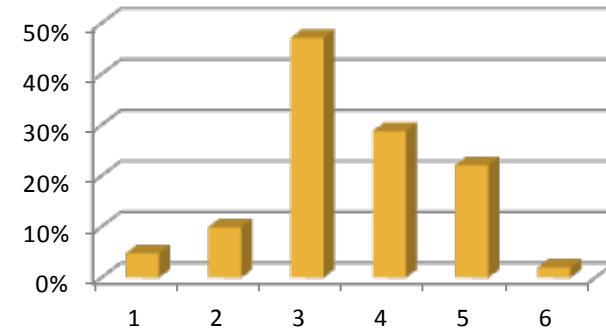
5. SSPA risk figure

5.2 Distribution of risk categories at the end of the quarter

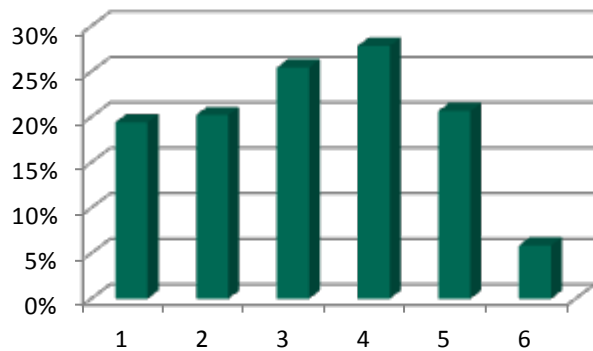
Risc classes Capital Protection



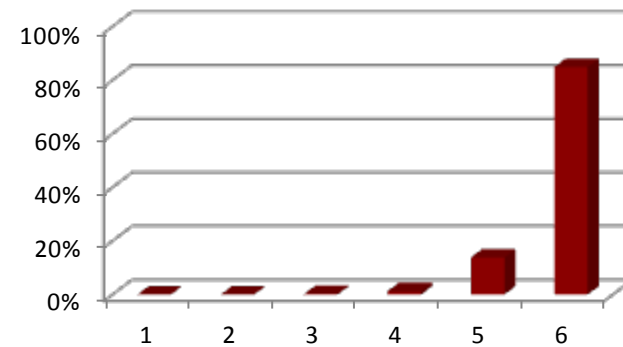
Risc classes Participation



Risc classes Yield Enhancement



Risc classes Leverage



SSPA Risk categories: To facilitate ranking, structured products are allocated to one of six risk categories (classes), category 6 representing the highest risk for investment in a product and category 1 the lowest risk. The intervals of the six risk categories are reviewed weekly. Adjustments are made as needed.

6. Appendix

6.1 Abbreviations

Leverage Products.....	Leverage
Investment Products with Reference Entities	With Reference Entities
Participation Products	Participation
Capital Protection Products	Capital Protection
Yield Enhancement Products.....	Yield Enhancement
Other Products.....	Various
Billion.....	bn

6.2 Issued by

Swiss Structured Products Association SSPA

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Contact: peter.keller@svsp-verband.ch

Published monthly / quarterly in more detail

6.3 Data sources

Swiss National Bank: Monthly Statistical Bulletin

SIX Swiss Exchange

Derivative Partners Research AG

In-house surveys

Key date is 30th September 2013.

6.4 Disclaimer

We cannot guarantee the accuracy of this document, see <http://www.svsp-verband.ch/home/disclaimer.aspx?lang=en>.

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