

Market Report Structured Products Quarterly Report

December 2013

Swiss Structured Products Association SSPA



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1. Main points at a glance

1.1 Key figures

- CHF 158.43 bn were invested in structured products in Swiss bank deposits (assets under management) as of the end of October 2013 (most recent data from the Swiss National Bank). This is a plus of 1.38%.
- Compared with other types of securities this represents 3.27% of all Swiss deposits.
- Private investors account for a 37.97% share in deposits, institutional investors for 54.43% and commercial clients for 7.59%.
- The SIX Structured Products Exchange turnover of structured products in December 2013 was CHF 2.21 bn, which is an decrease of 1.60% compared to the previous month.
- The category of leverage products holds a share of 37.56% of the total turnover. The share for investment products increased to 62.44%.
- 34'305 products were listed at the end of December 2013 of which 10'590 (30.87%) were issued in the fourth quarter.
- In December 2013, the five biggest issuers of stock-exchange-listed structured products are UBS (market share total: 48.97%), ZKB (15.10%), Bank Vontobel (14.51%), Credit Suisse (4.43%) and Bank Julius Baer (4.13%). The share of all other issuers is 12.86%.
- The distribution of SSPA risk figures shows that all of the categories capital protection, yield enhancement and participation are especially represented in the mid-level risk classes, whereas leverage products account almost entirely for the highest risk class 6. The development of VaR values shows that the risks developed rather constantly during the year, with an overall 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 31.12.2013

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

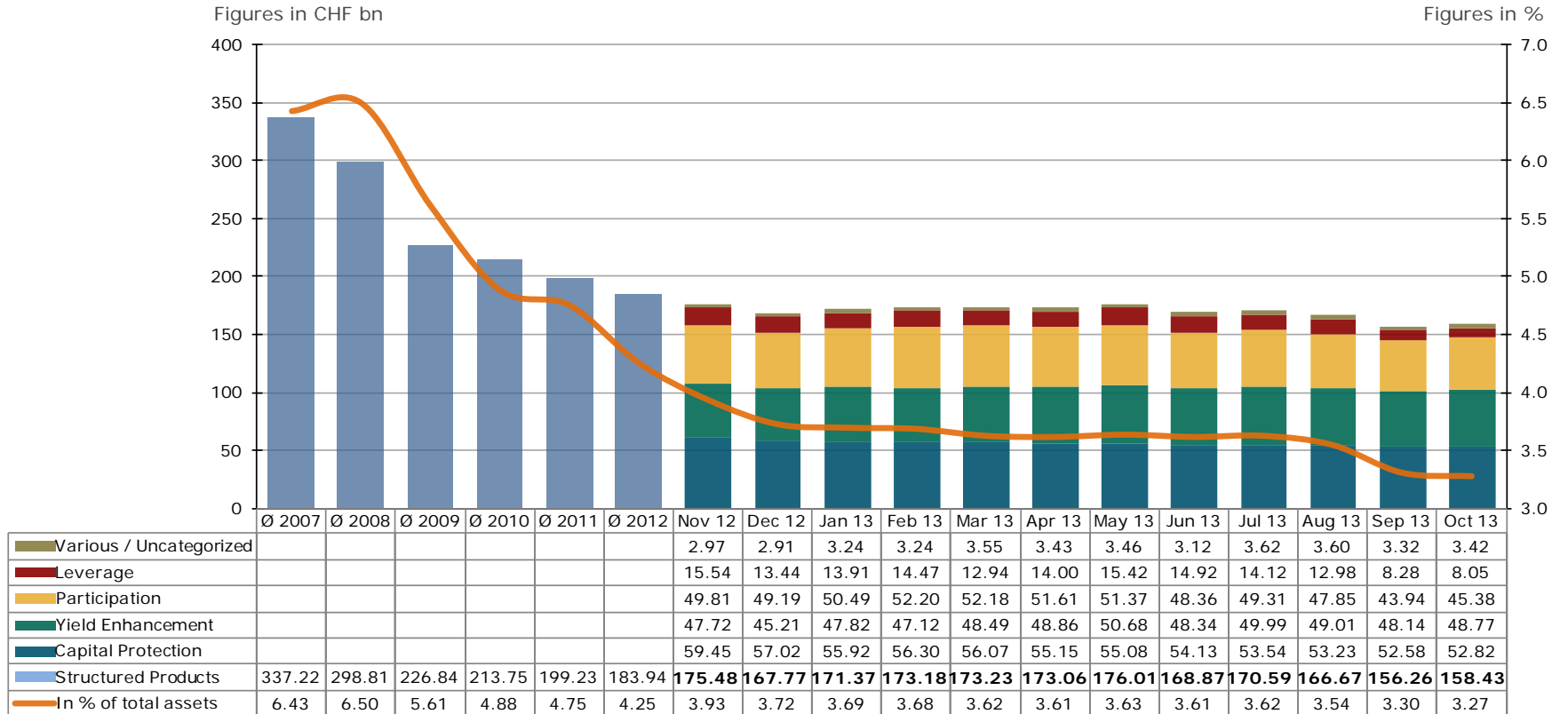
LEVERAGE PRODUCTS

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
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
Aug 13	4'706	69	1'199	1'767	1'504	167	1
Sep 13	4'738	66	1'190	1'815	1'509	156	1
Oct 13	4'839	65	1'201	1'874	1'539	158	1

- Compared to the previous year total securities held increased from CHF 4'426 bn to CHF 4'839 bn in October 2013 (plus CHF 413 bn), which is a non-price-adjusted rise of 9.33%.
- In this period, the market for structured products decreased from CHF 177.18 bn to CHF 158.43 bn. This is a minus of 10.58%.
- The market share in shares (+22.24%) and investment funds (+10.21%) 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
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
Aug 13	1.46	25.48	37.55	31.95	3.54	0.02
Sep 13	1.40	25.12	38.32	31.85	3.30	0.02
Oct 13	1.35	24.82	38.73	31.81	3.27	0.02

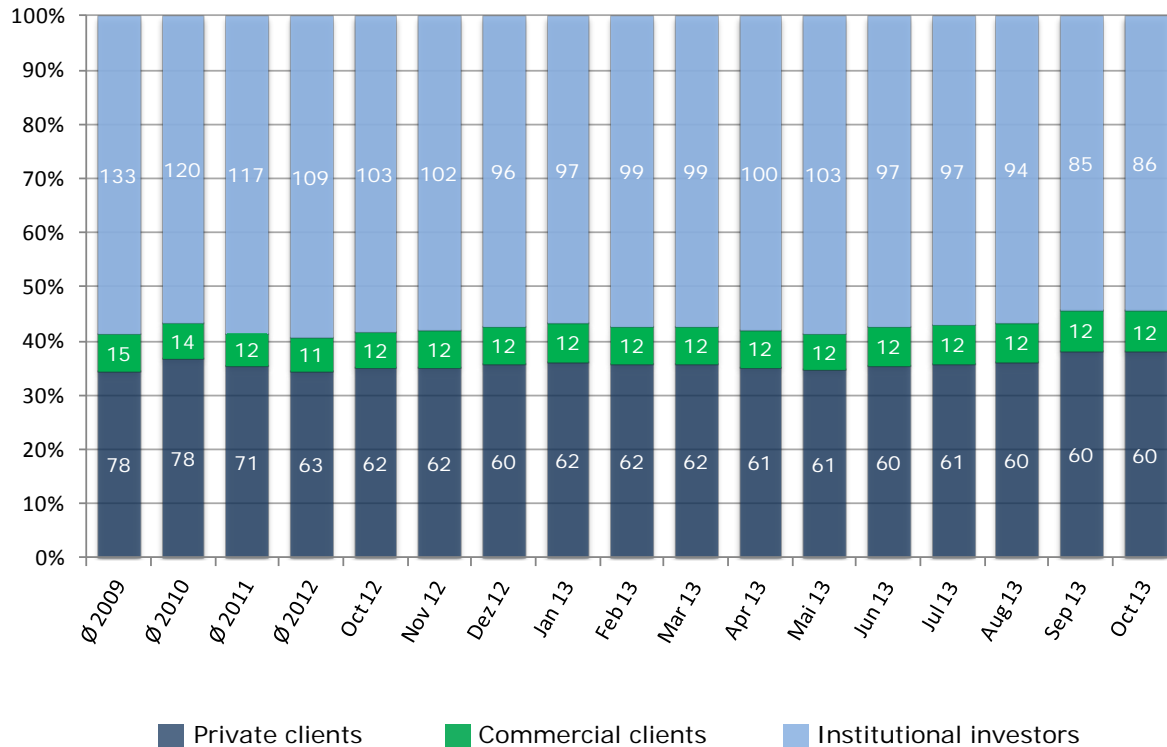
- In October 2013 3.27% of all client deposits were invested in Structured Products.
- Compared to the preceding year (4.00%) this is a decrease of 18.25%.
- In the other asset classes there has for the same period been a shift away from structured products (-18.25%), money market papers (-15.63%) and bonds (-11.89%) to shares (+11.81%) and investment funds (+0.79%).

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



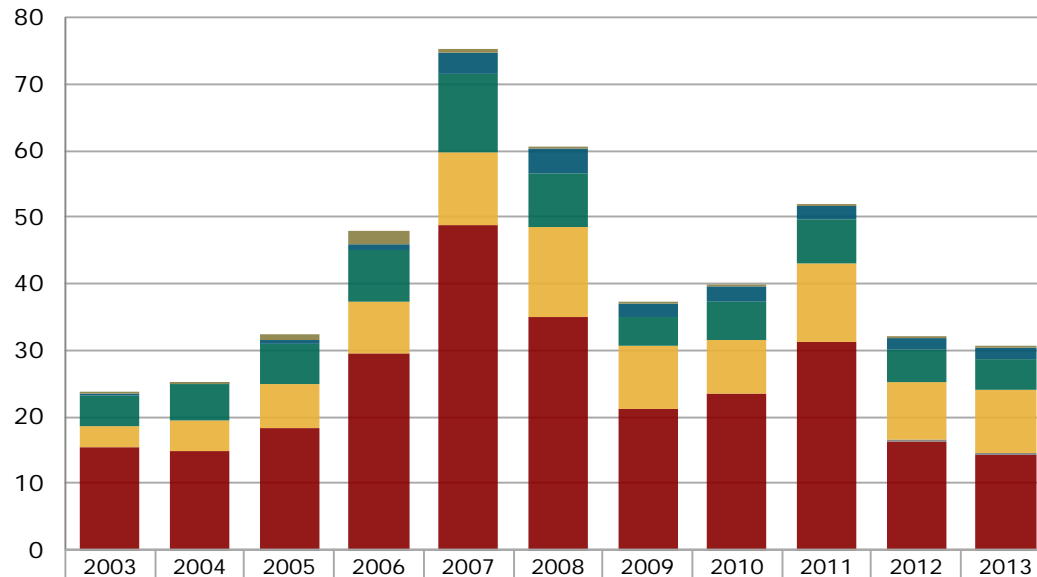
- SSPA estimates that more than half of all Structured Products are placed by investment managers acting on behalf of private investors.

Source: SNB Monthly Statistical Bulletin, latest available figures

4. Structured products at the SIX Structured Products Exchange

4.1 Turnover 2003 - 2013

Figures in CHF bn



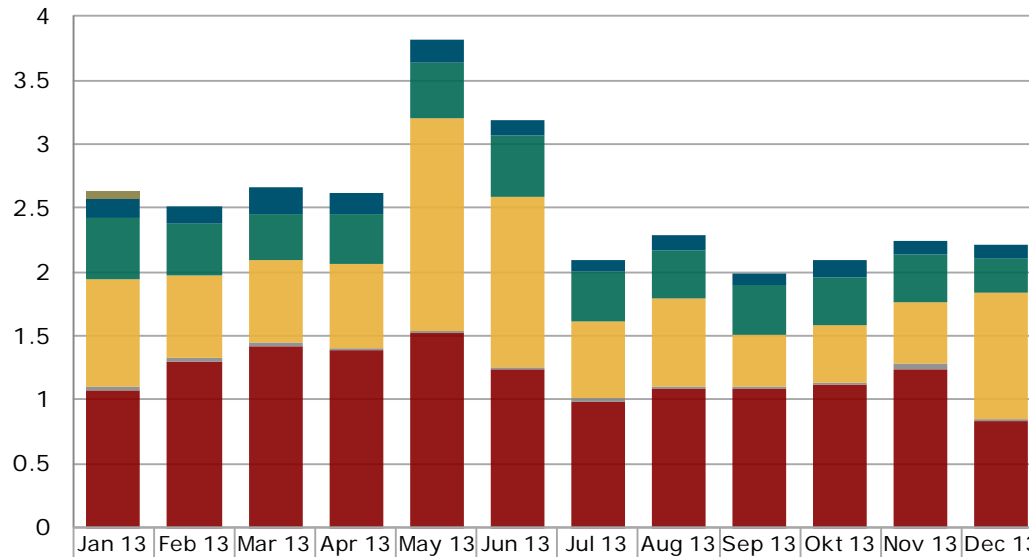
- Compared to the previous year 2012 turnover decreased slightly to CHF 30.30 bn (-4.93%). Measured against the exceptionally strong year 2007 this equals about 50.19% of the turnover at that time.
- Against 2012 in 2013 participation products (+11.06%) could increase their demand, however, especially leverage products (-12.45%) and capital protection products (-11.65%) were less in demand.

Source: SIX Swiss Exchange, Derivative Partners Research AG

4. Structured products at the SIX Structured Products Exchange

4.2 Turnover in the last 12 months

Figures in CHF bn

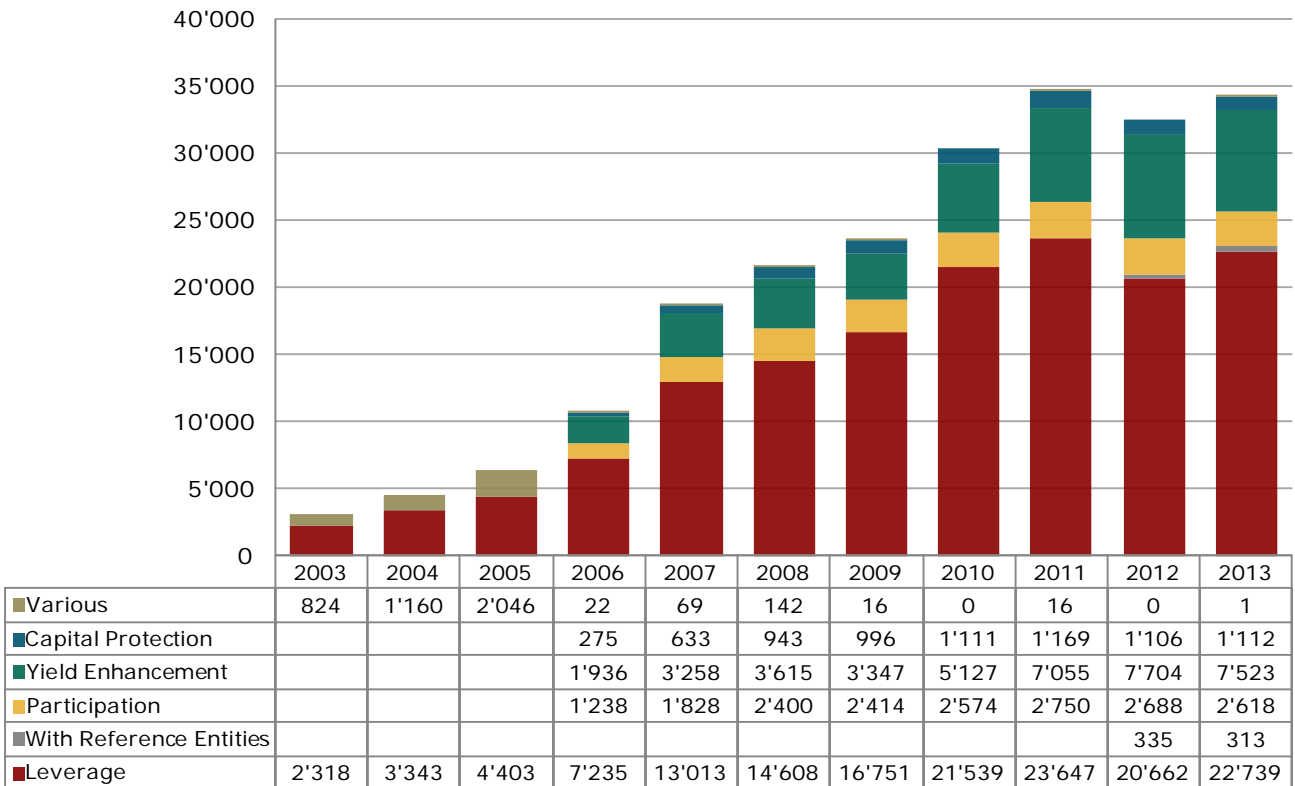


- Compared to the beginning of the year the turnover in December is lower by 11.87%.
- Compared to the previous month the turnover decreased in December by 1.60%. The turnover stayed on a rather constant level for the last months.
- Turnover has increased especially in the category of participation products (+99.64%), whereas it has mainly decreased for leverage products (-33.29%) and yield enhancement products (-23.56%).

Source: SIX Swiss Exchange, Derivative Partners Research AG

4. Structured products at the SIX Structured Products Exchange

4.3 Number of listed products 2003 – 2013

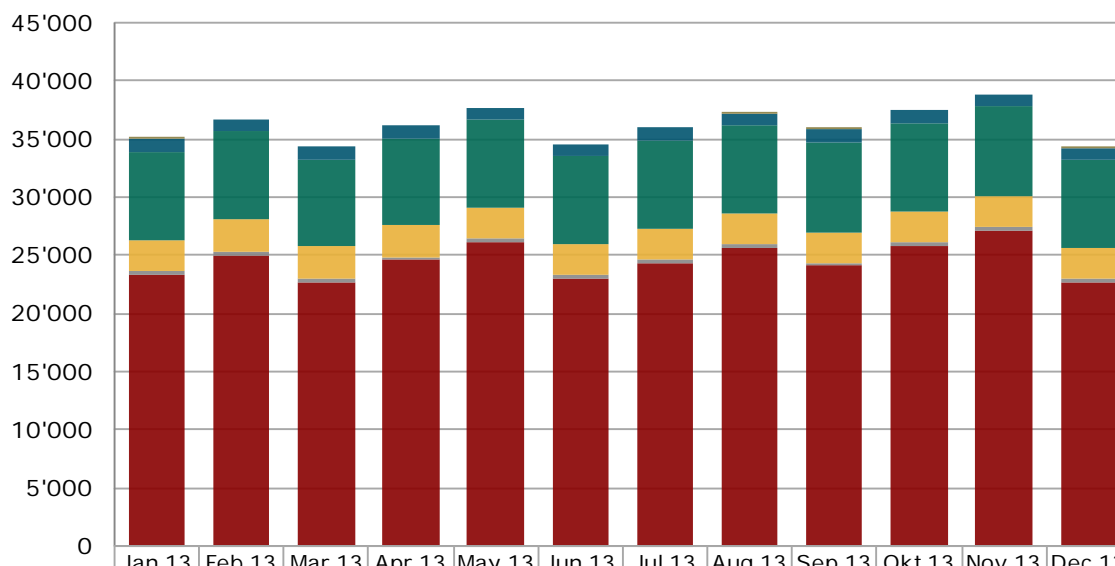


- With an amount of 34'305 products at the end of 2013 there have been more products issued compared to the previous year. Compared to 2012 the increase totals 1'810 products (+5.57%).
- In 2013 leverage products (+10.05%) could profit the most.

Source: SIX Swiss Exchange, Derivative Partners Research AG

4. Structured products at the SIX Structured Products Exchange

4.4 Number of listed products in the last 12 months

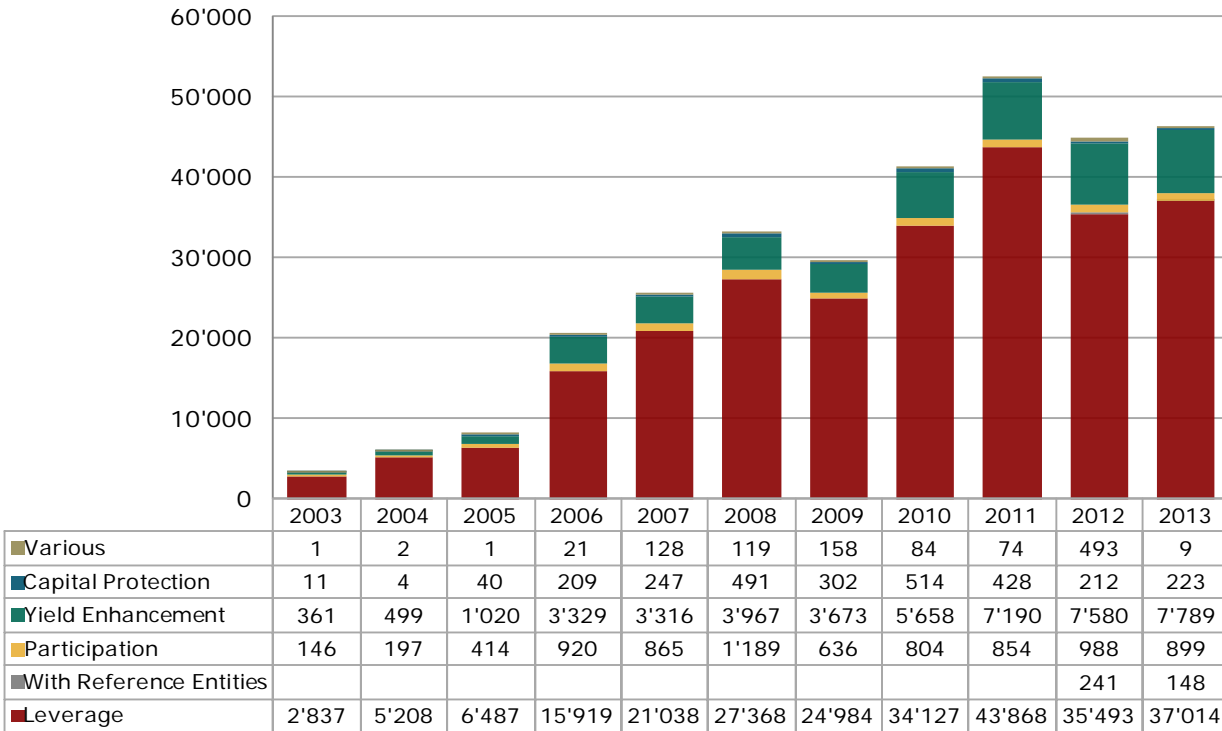


- In the fourth quarter especially the category of listed products with reference entities (+5.74%) and capital protection products (+3.63%) achieved an increase. However, listed products for the leverage products (-5.71%) and the category of yield enhancement (-2.90%) decreased.
- Please note that in March, June, September and December a large amount of products was regularly delisted due to scheduled expiration (large expiration at the futures exchanges).

Source: SIX Swiss Exchange, Derivative Partners Research AG

4. Structured products at the SIX Structured Products Exchange

4.5 New issues 2003 – 2013

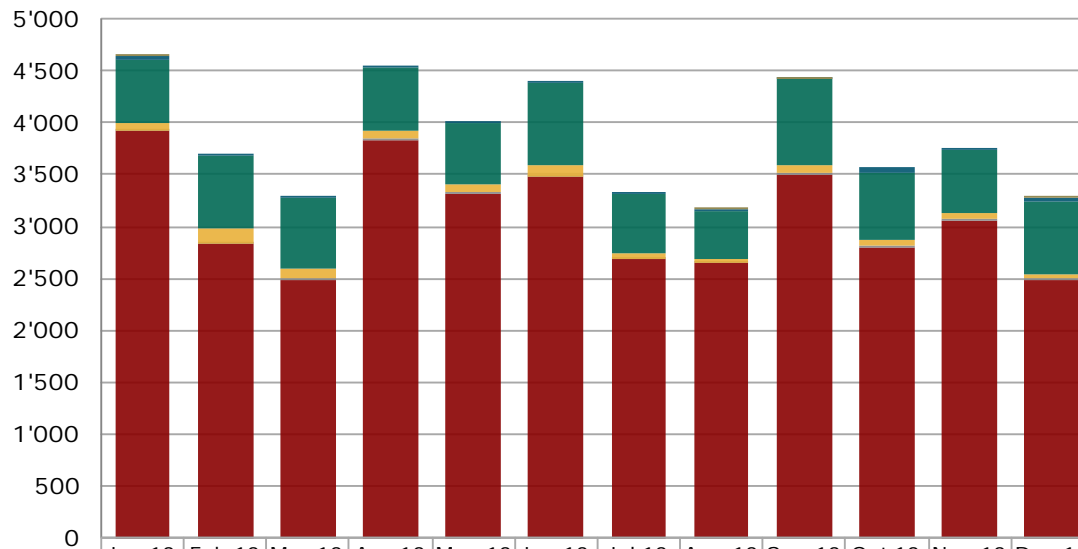


- In the year 2013 with 46'082 new issues the previous years could be outreached. Compared to 2012 it is an increase of 2.39%.
- Leverage products accounted for the biggest part with 80.32%. Primarily yield enhancement products were issued in the category of investment products with a share of 16.90%.

Source: SIX Swiss Exchange, Derivative Partners Research AG

4. Structured products at the SIX Structured Products Exchange

4.6 New issues in the last 12 months



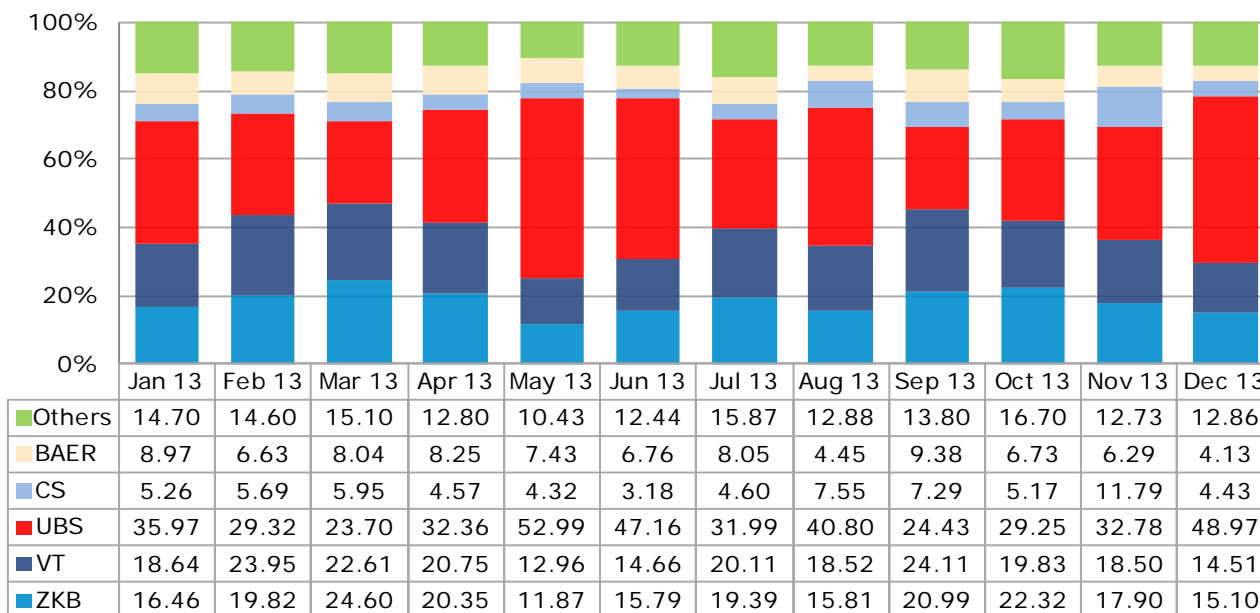
- Whereas 10'930 products were issued in the third quarter of 2013 the fourth quarter 2013 saw an decrease of 3.11% to 10'590 products.
- Compared to the beginning of the year 2013 (4'639 products) a lesser amount of products was issued in December (-29.45%).

Source: SIX Swiss Exchange, Derivative Partners Research AG

4. Structured products at the SIX Structured Products Exchange

4.7 Market shares (turnover) of the five largest issuers

Figures in %



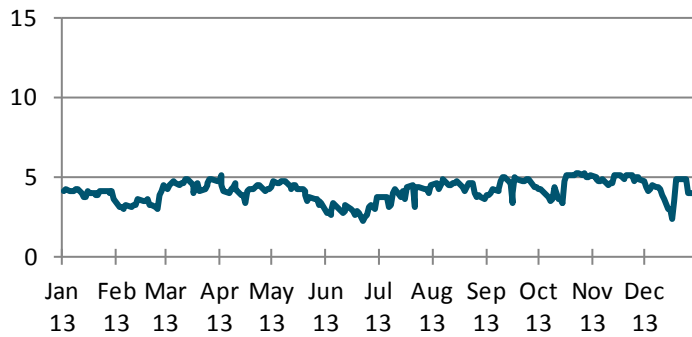
- In December 2013, the five biggest issuers of stock-exchange-listed structured products are UBS (market share total: 48.97%), ZKB (15.10%), Bank Vontobel (14.51%), Credit Suisse (4.43%) and Bank Julius Baer (4.13%).
- In the fourth quarter among the five largest issuers UBS (+100.45%) could improve their shares at the expense of Bank Julius Baer (-55.97%), Bank Vontobel (-39.82%), Credit Suisse (-39.23%) and ZKB (-28.06%).

Source: SIX Swiss Exchange, Derivative Partners Research AG

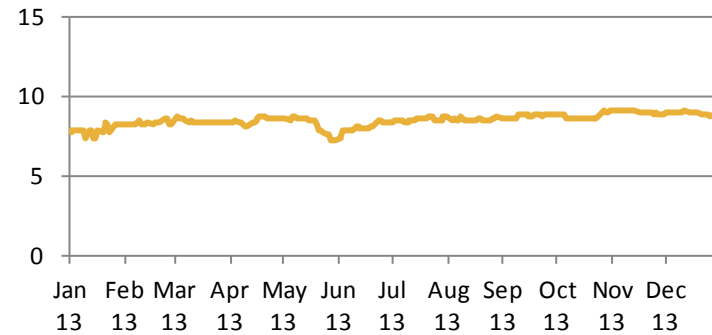
5. SSPA risk figure

5.1 Aggregated Market Risk (VaR) during the year

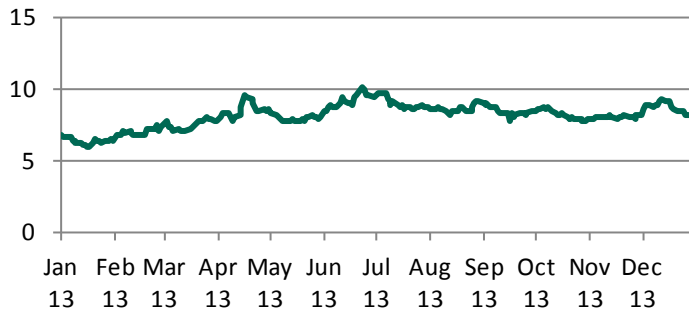
Capital Protection



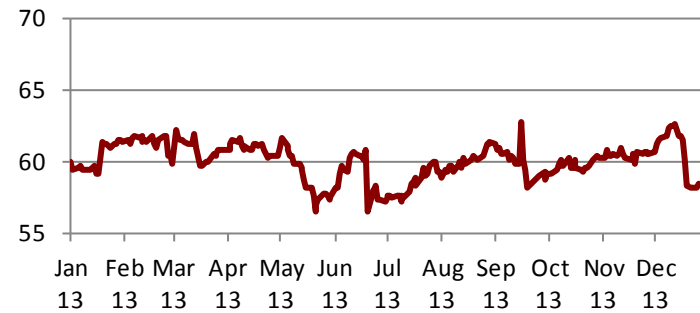
Participation



Yield Enhancement



Leverage

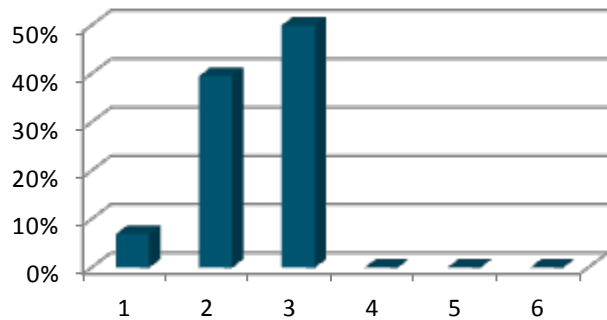


Value at Risk (VaR) Measuring unit of a product's market risk, it describes the loss that will not be exceeded within a specific holding period (i.e. 10 days) with a defined probability (i.e. 99%).

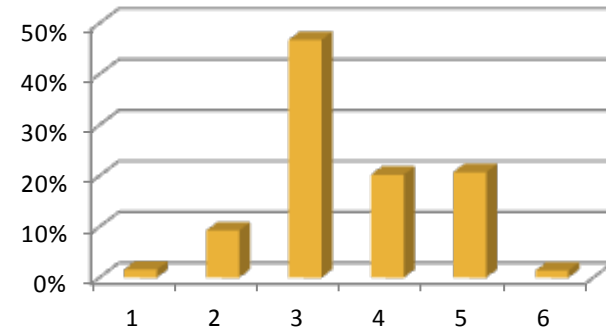
5. SSPA risk figure

5.2 Distribution of risk categories at the end of the quarter

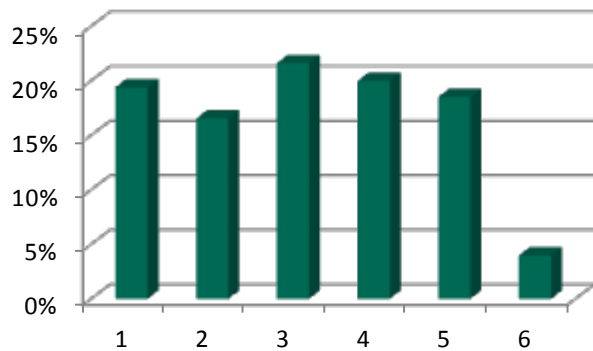
Risc classes Capital Protection



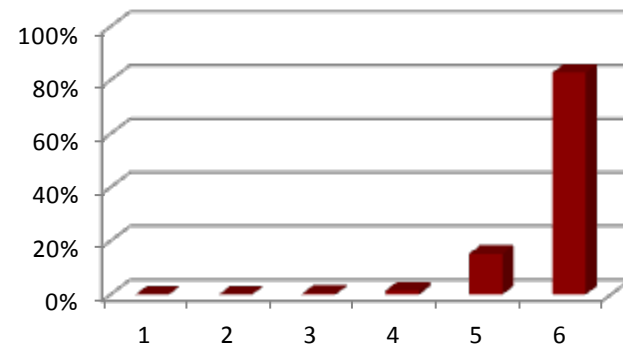
Risc classes Participation



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

Rämistrasse 4, CH-8024 Zurich, Switzerland

www.sspa-association.ch

Contact: peter.keller@svsp-verband.ch

Published monthly / quarterly in more detail

6.3 Data sources

Swiss National Bank: Monthly Statistical Bulletin

SIX Structured Products Exchange

Derivative Partners Research AG

In-house surveys

Key date is 30st December 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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