

# Market Report Structured Products Quarterly Report

June 2014

## Swiss Structured Products Association SSPA

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## 1. Main points at a glance

### 1.1 Key figures

- CHF 187.12 bn were invested in structured products in Swiss bank deposits (assets under management) as of the end of April 2014 (most recent data from the Swiss National Bank). This is a plus of 0.92%.
- Compared with other types of securities this represents 3.60% of all Swiss deposits.
- Private investors account for a 30.48% share in deposits, institutional investors for 63.64% and commercial clients for 5.88%.
- The SIX Structured Products Exchange turnover of structured products in June 2014 was CHF 1.75 bn, which is a decrease of 9.45% compared to the previous month.
- The category of leverage products holds a share of 49.92% of the total turnover. The share for investment products decreased to 50.08%.
- 33'678 products were listed at the end of June 2014 of which 8'758 (26.01%) were issued in the first quarter.
- In June 2014, the five biggest issuers of stock-exchange-listed structured products are UBS (market share total: 28.84%), Bank Vontobel (20.78%), ZKB (14.73%), Bank Julius Baer (8.57%) and Credit Suisse (7.58%). The share of all other issuers is 19.49%.
- The distribution of SSPA risk figures shows for both categories capital protection products and participation products a high exposure to the mid-level risk class 3. However, the difference is the tendency of capital protection products to the lower risk classes 1 and 2 whereas the participation products tend to be represented in the higher risk classes 4 and 5. The development of VaR values shows a decreasing trend for the risks during the last months.

### 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](http://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 30.06.2014

#### 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

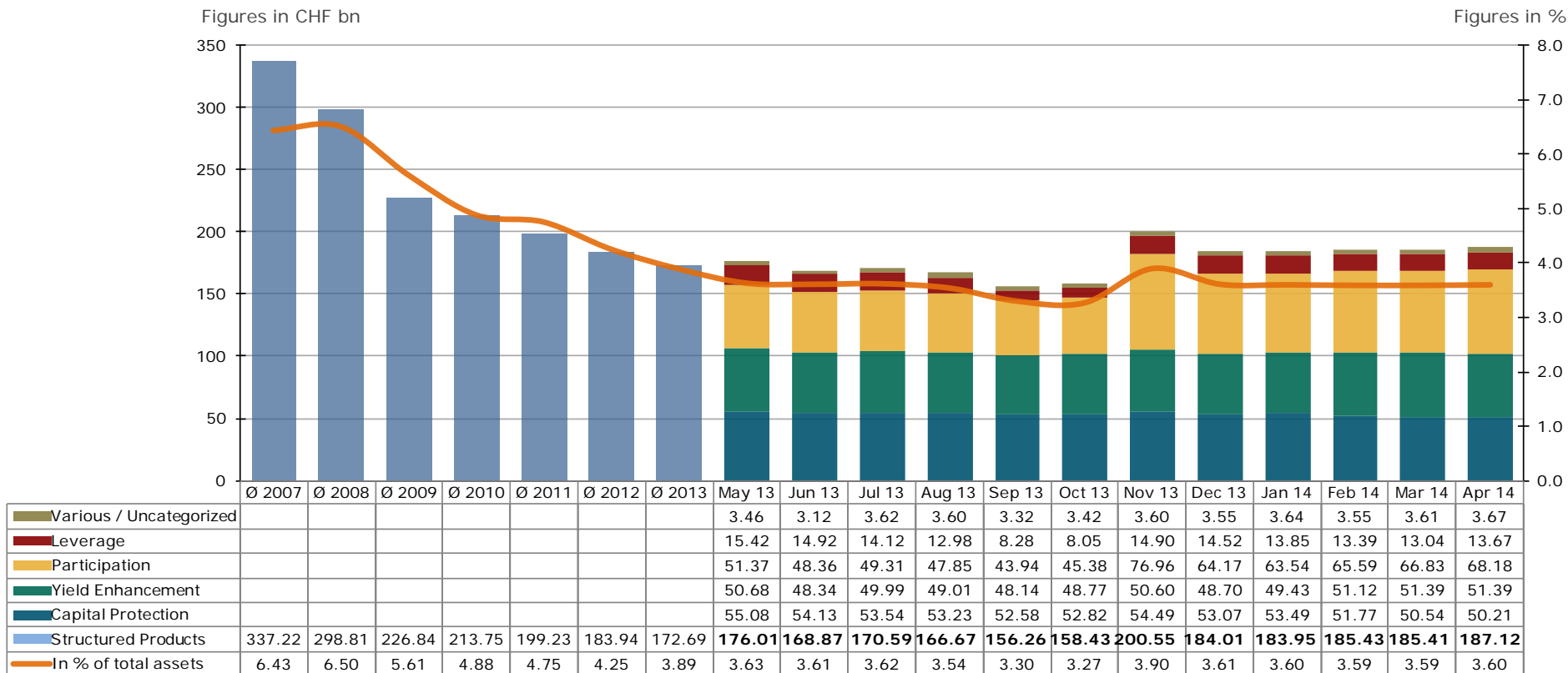
#### LEVERAGE PRODUCTS

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](http://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 Swiss National Bank extends the circle of the reportable institutions for the statistics of the [securities held in bank's client deposits](#) retrospectively until December 2012. The survey group consists now also of [institutions with a special field of business](#). In case of such institutions with a special field of business and especially for deposits which are stored centrally there are only securities included that are not already stored at another reportable bank and reported by it.

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
Ø 2013	5'042	67	1'301	1'948	1'528	196	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
Nov 13	5'145	64	1'268	2'046	1'565	201	1
Dec 13	5'097	63	1'248	2'044	1'557	184	1
Jan 14	5'103	64	1'264	2'020	1'571	184	0
Feb 14	5'166	62	1'257	2'077	1'585	185	0
Mar 14	5'164	59	1'232	2'086	1'602	185	0
Apr 14	5'194	61	1'237	2'094	1'616	187	0

- Compared to the previous year total securities held increased from CHF 4'788 bn to CHF 5'194 bn in April 2014 (plus CHF 406 bn), which is a non-price-adjusted rise of 8.48%.
- In this period, the market for structured products increased from CHF 173.06 bn to CHF 187.12 bn. This is a plus of 8.12% which is also due to the Swiss National Bank's extension of the circle of reportable institutions for the statistics of the securities held in bank's client deposits.
- On the one hand money market papers (-10.71%) were most remarkably affected by withdrawals. On the other hand the market share in shares (+17.41%) 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
Ø 2013	1.34	25.80	38.64	30.31	3.89	0.03
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
Nov 13	1.25	24.64	39.76	30.43	3.90	0.02
Dec 13	1.24	24.48	40.10	30.55	3.61	0.02
Jan 14	1.25	24.77	39.59	30.78	3.60	0.00
Feb 14	1.19	24.32	40.21	30.68	3.59	0.00
Mar 14	1.15	23.85	40.39	31.02	3.59	0.00
Apr 14	1.17	23.82	40.31	31.11	3.60	0.00

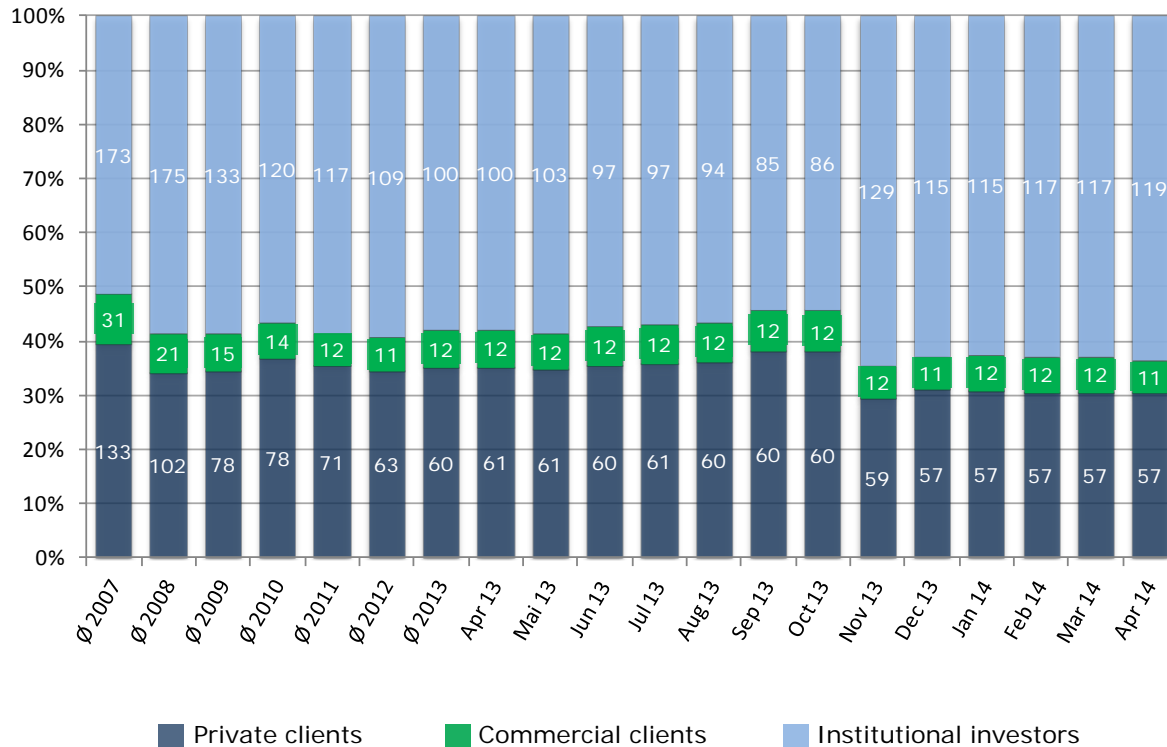
- In April 2014 3.60% of all client deposits were invested in Structured Products.
- Compared to the preceding year (3.61%) this is a very low decrease of 0.28%.
- In the other asset classes there has for the same period been a shift away from money market papers (-17.69%), bonds (-8.17%), investment funds (-2.08%) and structured products (-0.33%) to the asset class of shares (+8.23%).

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.

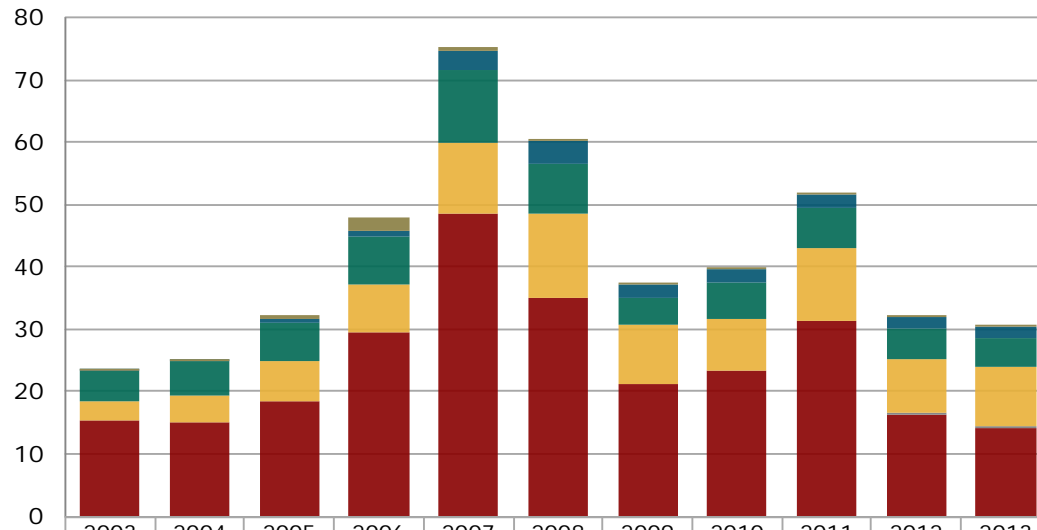
Source: SNB Monthly Statistical Bulletin, latest available figures



## 4. Structured products at the SIX Structured Products Exchange

### 4.1 Turnover 2003 - 2013

Figures in CHF bn



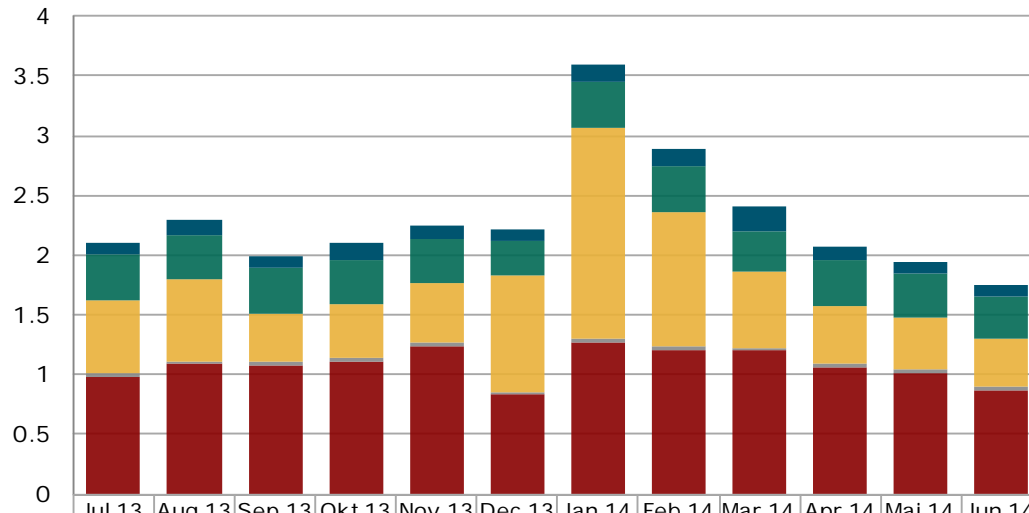
- Compared to the previous year 2012 turnover decreased slightly to CHF 30.30 bn (-4.93%). Measured against the exceptionally strong year 2007 this equals about 50.19% of the turnover at that time.
- Against 2012 in 2013 participation products (+11.06%) could increase their demand, however, especially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

Source: SIX Structured Products Exchange AG, 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

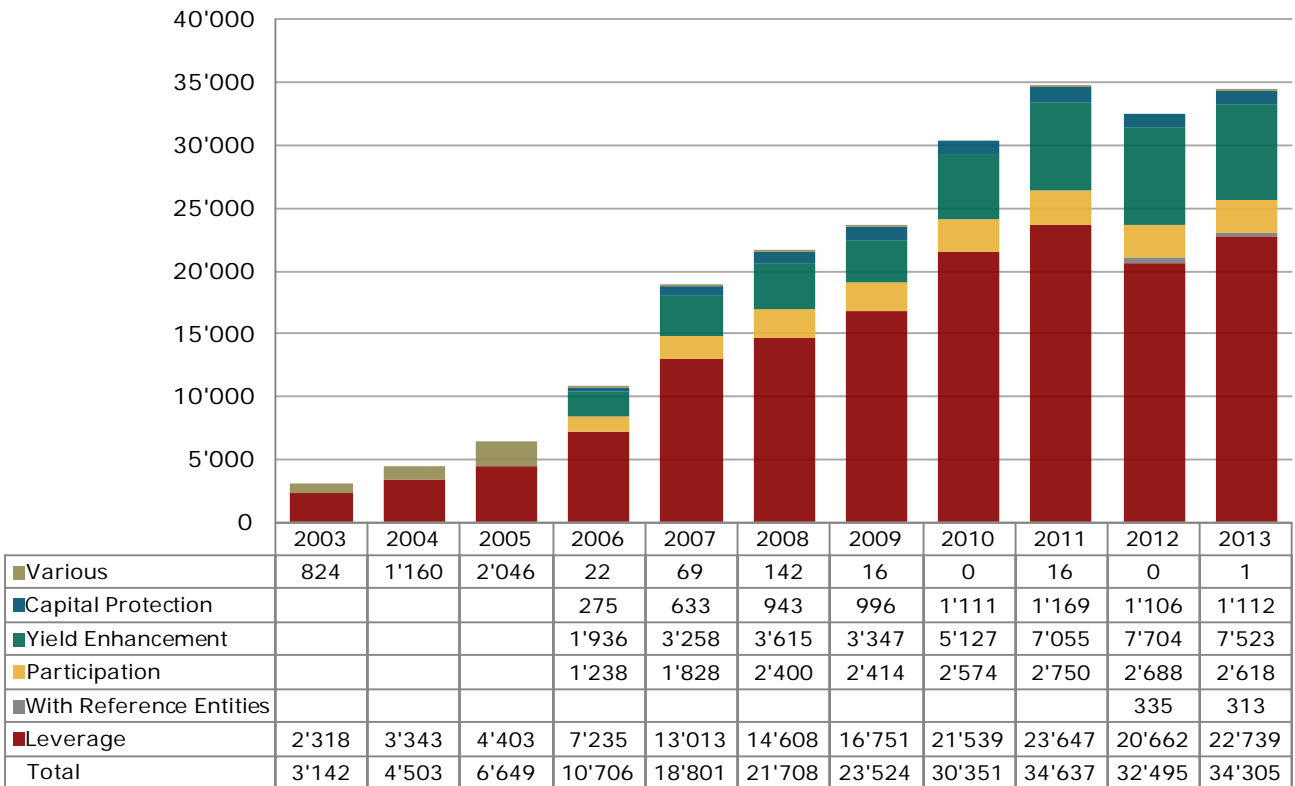


- Compared to the beginning of the year the turnover in June is lower by 51.25%.
- Compared to the previous month the turnover decreased in June by 9.79%.
- Turnover has increased especially in the category of capital protection products (+5.69%), whereas it has mainly decreased for leverage products (-13.18%).

Source: SIX Structured Products Exchange AG, Derivative Partners Research AG

## 4. Structured products at the SIX Structured Products Exchange

### 4.3 Number of listed products 2003 – 2013

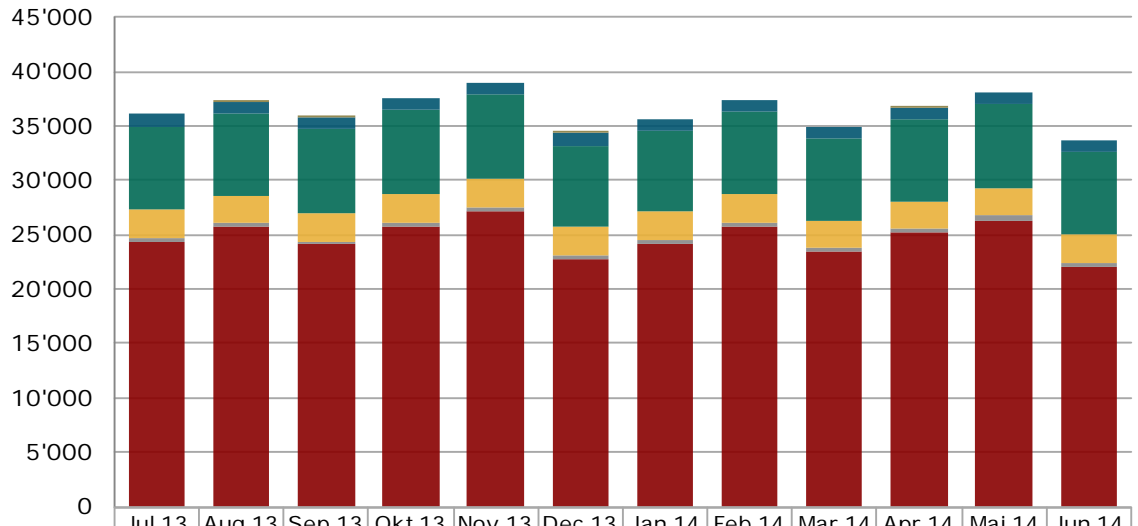


- With an amount of 34'305 products at the end of 2013 there have been more products issued compared to the previous year. Compared to 2012 the increase totals 1'810 products (+5.57%).
- In 2013 leverage products (+10.05%) could profit the most.

Source: SIX Structured Products Exchange AG, Derivative Partners Research AG

## 4. Structured products at the SIX Structured Products Exchange

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



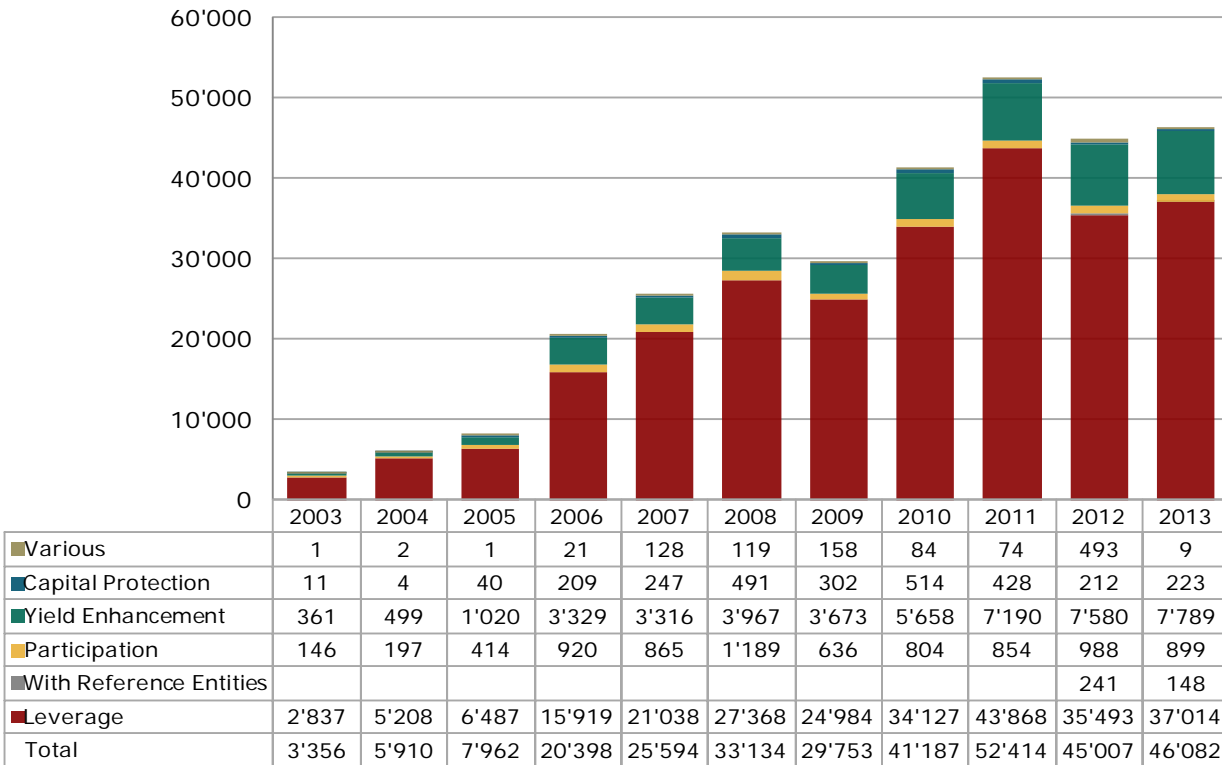
	Jul 13	Aug 13	Sep 13	Okt 13	Nov 13	Dec 13	Jan 14	Feb 14	Mar 14	Apr 14	Mai 14	Jun 14
■ Various	0	2	1	0	0	1	0	0	0	1	0	0
■ Capital Protection	1'086	1'076	1'073	1'096	1'091	1'112	1'089	1'091	1'064	1'056	1'037	1'042
■ Yield Enhancement	7'629	7'537	7'748	7'695	7'678	7'523	7'314	7'483	7'442	7'456	7'647	7'598
■ Participation	2'637	2'611	2'611	2'625	2'634	2'618	2'612	2'636	2'616	2'594	2'604	2'575
■ With Reference Entities	292	290	296	301	309	313	309	332	343	354	370	382
■ Leverage	24'410	25'720	24'116	25'795	27'203	22'739	24'226	25'784	23'376	25'141	26'348	22'081
<b>Total</b>	<b>36'054</b>	<b>37'235</b>	<b>35'845</b>	<b>37'513</b>	<b>38'915</b>	<b>34'305</b>	<b>35'550</b>	<b>37'326</b>	<b>34'841</b>	<b>36'602</b>	<b>38'006</b>	<b>33'678</b>

- In the second quarter especially the category of listed products with reference entities (+11.14%) and the category of yield enhancement (+2.10%) achieved an increase. However, listed products for the leverage products (-5.54%), capital protection products (-2.07%) and participation products (-1.57%) decreased.
- Please note that in March and June a large amount of products was regularly delisted due to scheduled expiration (large expiration at the futures exchanges).

Source: SIX Structured Products Exchange AG, Derivative Partners Research AG

## 4. Structured products at the SIX Structured Products Exchange

### 4.5 New issues 2003 – 2013

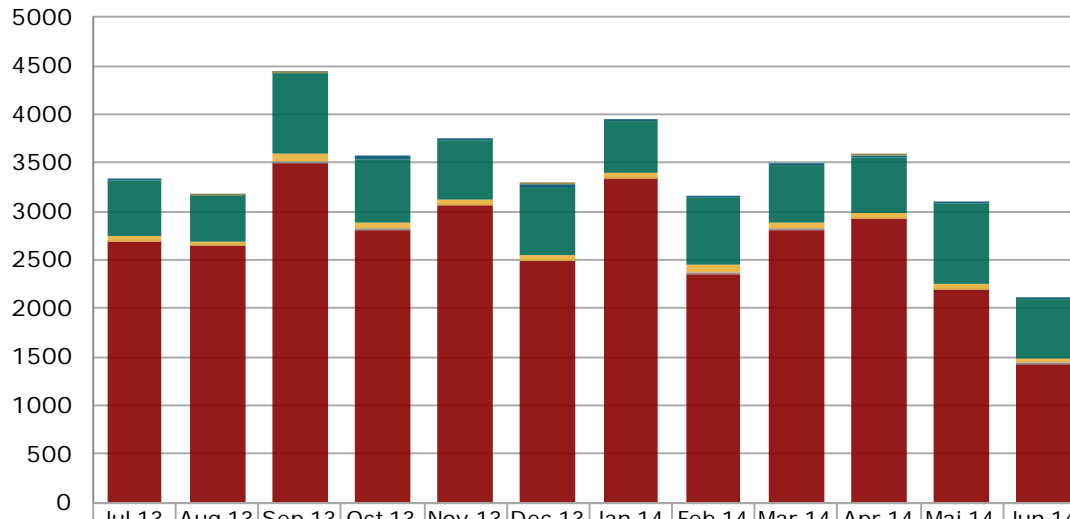


- In the year 2013 with 46'082 new issues the previous years could be outreached. Compared to 2012 it is an increase of 2.39%.
- Leverage products accounted for the biggest part with 80.32%. Primarily yield enhancement products were issued in the category of investment products with a share of 16.90%.

Source: SIX Structured Products Exchange AG, Derivative Partners Research AG

## 4. Structured products at the SIX Structured Products Exchange

### 4.6 New issues in the last 12 months



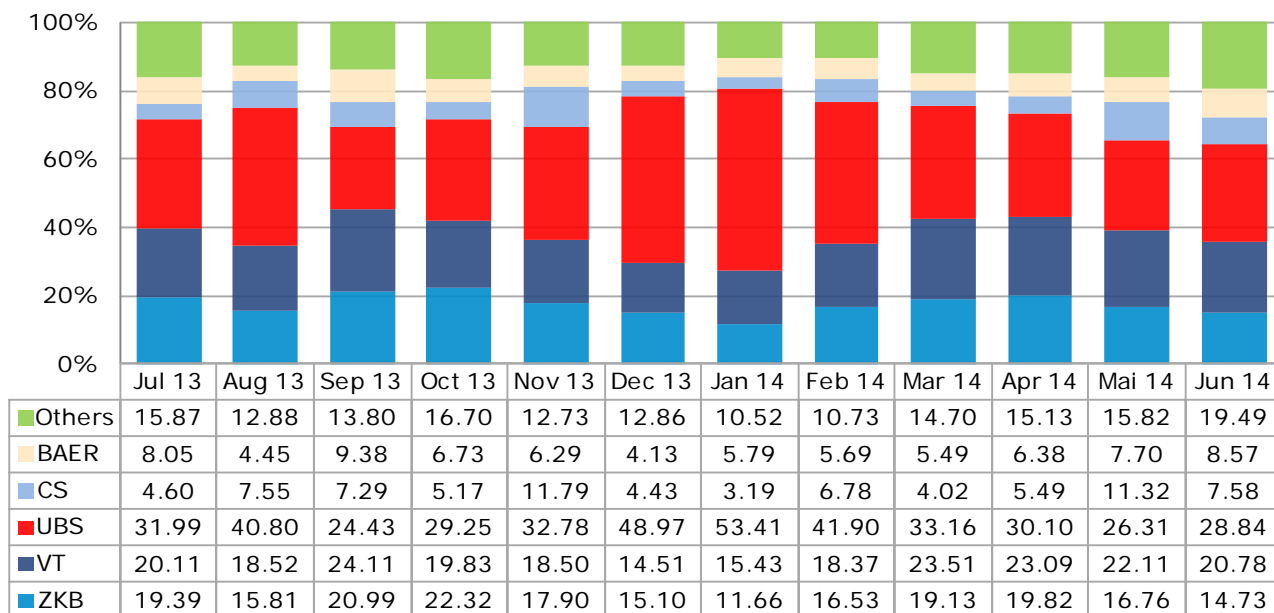
- Whereas 10'569 products were issued in the first quarter of 2014 the second quarter 2014 saw a decrease of 17.14% to 8'758 products.
- Compared to the beginning of the year 2014 (3'924 products) a lesser amount of products was issued in June (-46.48%).

Source: SIX Structured Products Exchange AG, 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 %



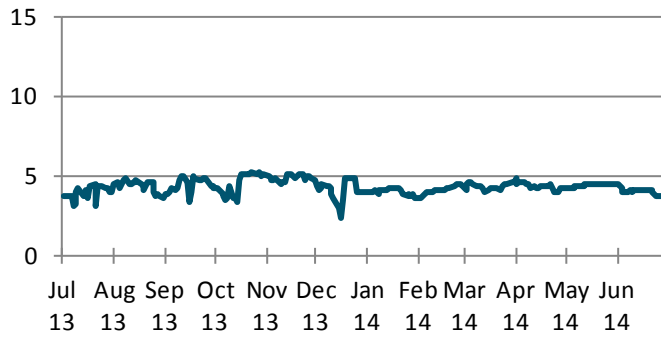
- In June 2014, the five biggest issuers of stock-exchange-listed structured products are UBS (market share total: 28.84%), Bank Vontobel (20.78%), ZKB (14.73%), Bank Julius Baer (8.57%) and Credit Suisse (7.58%).
- In the second quarter among the five largest issuers Credit Suisse (+88.69%) and Bank Julius Baer (+56.14%) could improve their shares at the expense of ZKB (-23.00%), UBS (-13.01%) and Bank Vontobel (-11.60%).

Source: SIX Structured Products Exchange AG, Derivative Partners Research AG

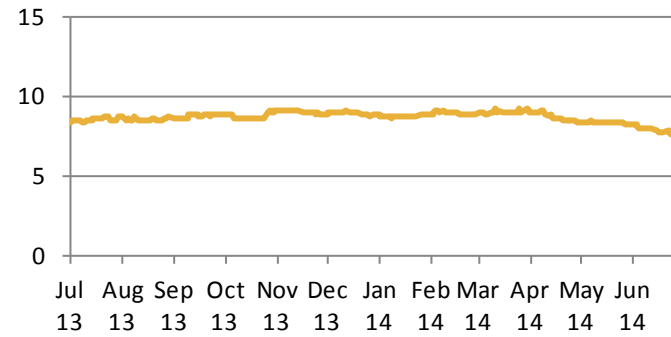
## 5. SSPA risk figure

### 5.1 Aggregated Market Risk (VaR) during the year

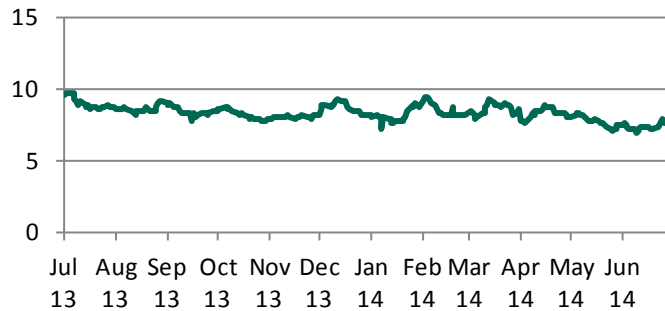
**Capital Protection**



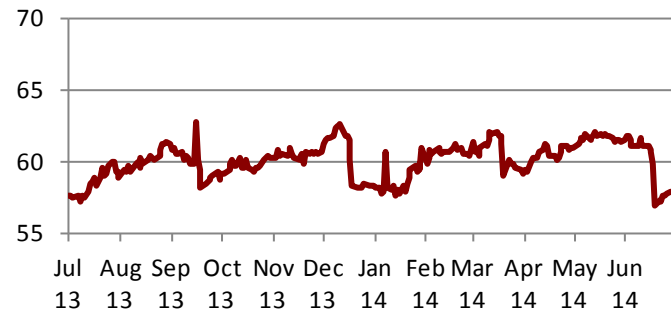
**Participation**



**Yield Enhancement**



**Leverage**



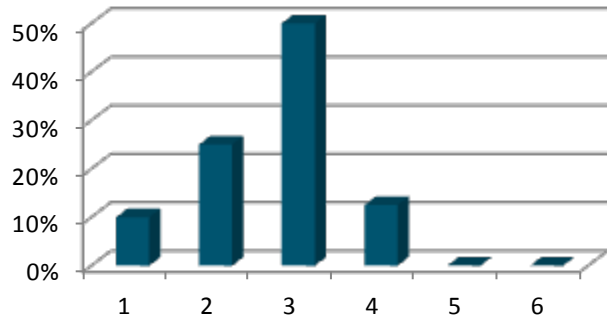
**Value at Risk (VaR)** Measuring unit of a product's market risk, it describes the loss that will not be exceeded within a specific holding period (i.e. 10 days) with a defined probability (i.e. 99%).



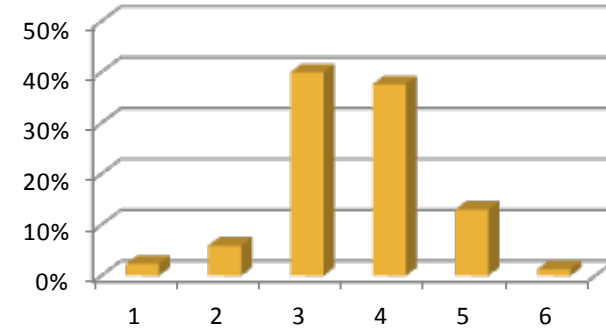
## 5. SSPA risk figure

### 5.2 Distribution of risk categories at the end of the quarter

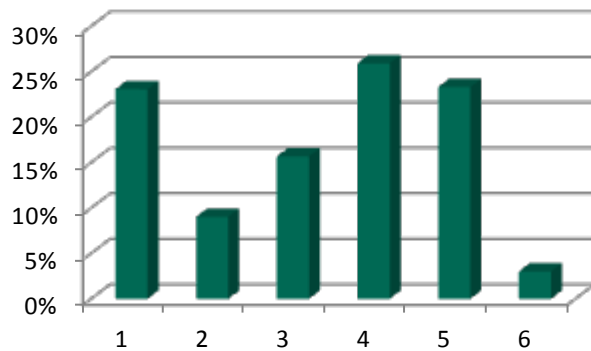
Risc classes Capital Protection



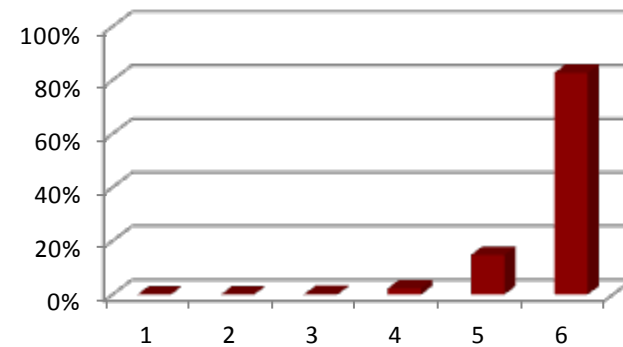
Risc classes Participation



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](http://www.sspa-association.ch)

Contact: [peter.keller@svsp-verband.ch](mailto: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 AG

Derivative Partners Research AG

In-house surveys

Key date is 30<sup>th</sup> June 2014.

### 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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