

Market Report Structured Products

Quarterly Report

September 2014

Swiss Structured Products Association SSPA



Contents

1. Main points at a glance	
1.1 Key figures.....	3
1.2 Information of the SSPA.....	3
2. Product categorization	
2.1 SSPA product categorization	4
3. Securities held in banks' client deposits	
3.1 Structured products since 2007.....	5
3.2 All categories.....	6
3.3 All categories in percent.....	7
3.4 By client (deposit holders).....	8
4. Structured products at the SIX Structured Products Exchange	
4.1 Turnover 2003 – 2013.....	9
4.2 Turnover in the last 12 months.....	10
4.3 Number of listed products 2003 –2013.....	11
4.4 Number of listed products in the last 12 months.....	12
4.5 New issues 2003 – 2013.....	13
4.6 New issues in the last 12 months.....	14
4.7 Market shares of the five largest issuers	15
5. SSPA risk figure	
5.1 Aggregated Market Risk (VaR) during the year.....	16
5.2 Distribution of risk categories at the end of the quarter.....	17
6. Appendix	
6.1 Abbreviations.....	18
6.2 Issued by.....	18
6.3 Data sources.....	18
6.4 Disclaimer.....	18

1. Main points at a glance

1.1 Key figures

- CHF 194.33 bn were invested in structured products in Swiss bank deposits (assets under management) as of the end of July 2014 (most recent data from the Swiss National Bank). This is a plus of 1.35%.
- Compared with other types of securities this represents 3.65% of all Swiss deposits.
- Private investors account for a 29.90% share in deposits, institutional investors for 64.43% and commercial clients for 5.67%.
- The SIX Structured Products Exchange turnover of structured products in September 2014 was CHF 1.99 bn, which is a increase of 8.71% compared to the previous month.
- The category of leverage products holds a share of 56.44% of the total turnover. The share for investment products decreased to 43.56%.
- 33'897 products were listed at the end of September 2014 of which 9'729 (28.70%) were issued in the third quarter.
- In September 2014, the five biggest issuers of stock-exchange-listed structured products are UBS (market share total: 26.14%), Bank Vontobel (22.17%), ZKB (18.89%), Bank Julius Baer (8.26%) and Credit Suisse (5.61%). The share of all other issuers is 18.92%.
- The development of VaR values shows for all SSPA categories a decreasing trend regarding their risks during the last months with the exception of the category of yield enhancement for which increasing VaR values could be observed. This increase is for the category of yield enhancement also evident from the distribution of SSPA risk figures where the share of risk class 5 increased significantly compared to the previous reports.

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 30.09.2014

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

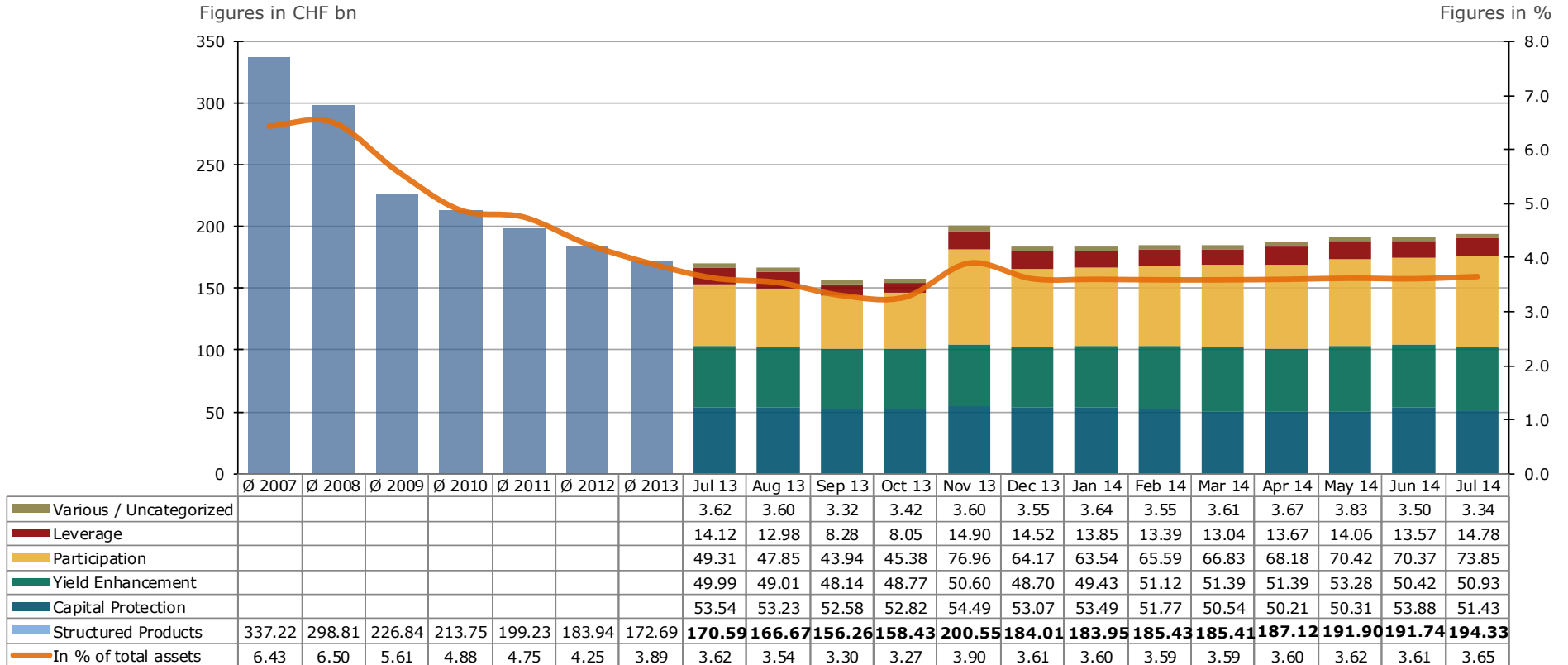
LEVERAGE PRODUCTS

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 (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
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
May 14	5'308	62	1'255	2'151	1'648	192	0
Jun 14	5'314	62	1'259	2'141	1'661	192	0
Jul 14	5'324	63	1'267	2'116	1'685	194	0

- Compared to the previous year total securities held increased from CHF 4'714 bn to CHF 5'324 bn in July 2014 (plus CHF 610 bn), which is a non-price-adjusted rise of 12.94%.
- In this period, the market for structured products increased from CHF 170.59 bn to CHF 194.33 bn. This is a plus of 13.92% 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 in November 2013.
- On the one hand the market share in shares (+19.25%) and in structured products (+13.92%) has most remarkably increased whereas on the other hand the market share in money market papers (-8.37%) has decreased.

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
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
May 14	1.18	23.64	40.53	31.04	3.62	0.00
Jun 14	1.16	23.69	40.29	31.25	3.61	0.00
Jul 14	1.18	23.79	39.74	31.64	3.65	0.00

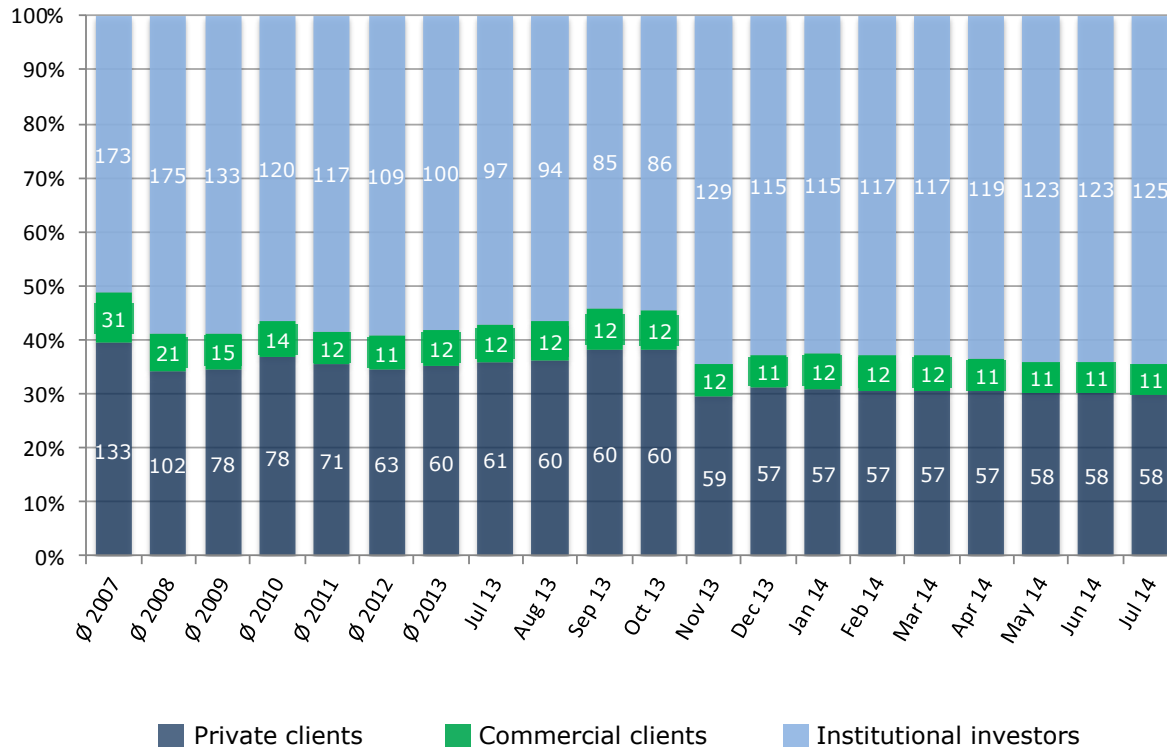
- In July 2014 3.65% of all client deposits were invested in Structured Products.
- Compared to the preceding year (3.62%) this is a increase of 0.83%.
- In the other asset classes there has for the same period been a shift away from money market papers (-18.62%), bonds (-5.82%) and investment funds (-1.16%) towards the asset class of shares (+5.58%) and structured products (+0.83%).

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



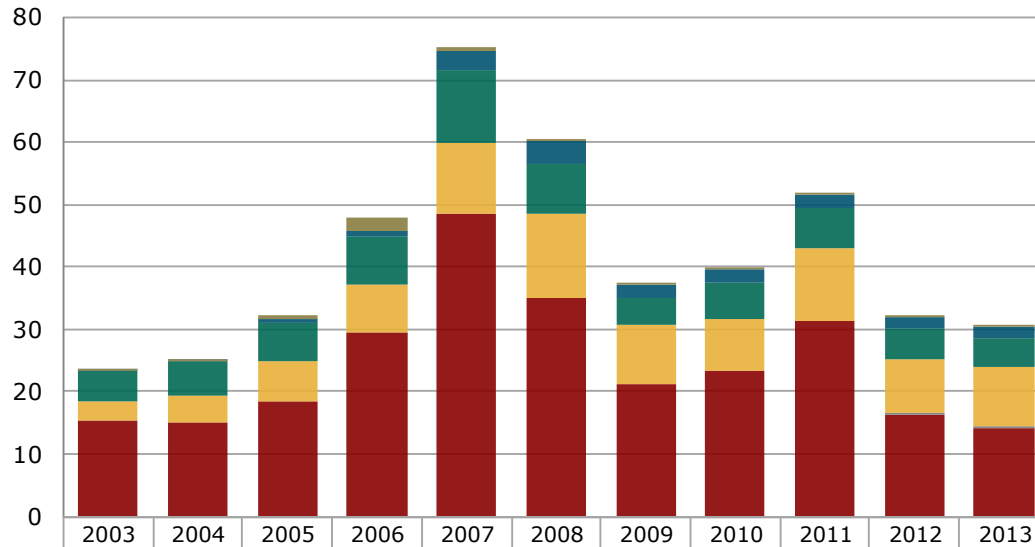
- SSPA estimates that more than half of all Structured Products are placed by investment managers acting on behalf of private investors.

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



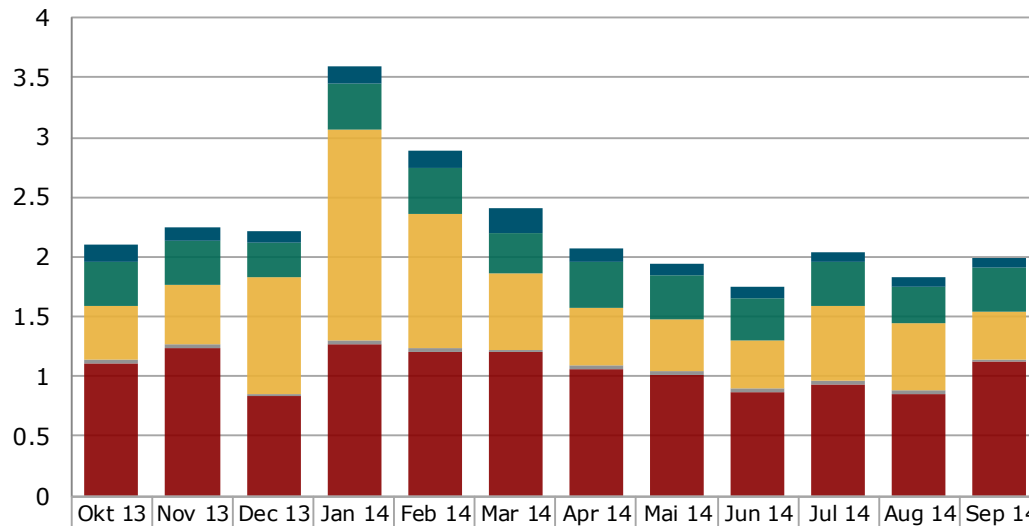
- Compared to the previous year 2012 turnover decreased slightly to CHF 30.30 bn (-4.93%). Measured against the exceptionally strong year 2007 this equals about 50.19% of the turnover at that time.
- Against 2012 in 2013 participation products (+11.06%) could increase their demand, however, especially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

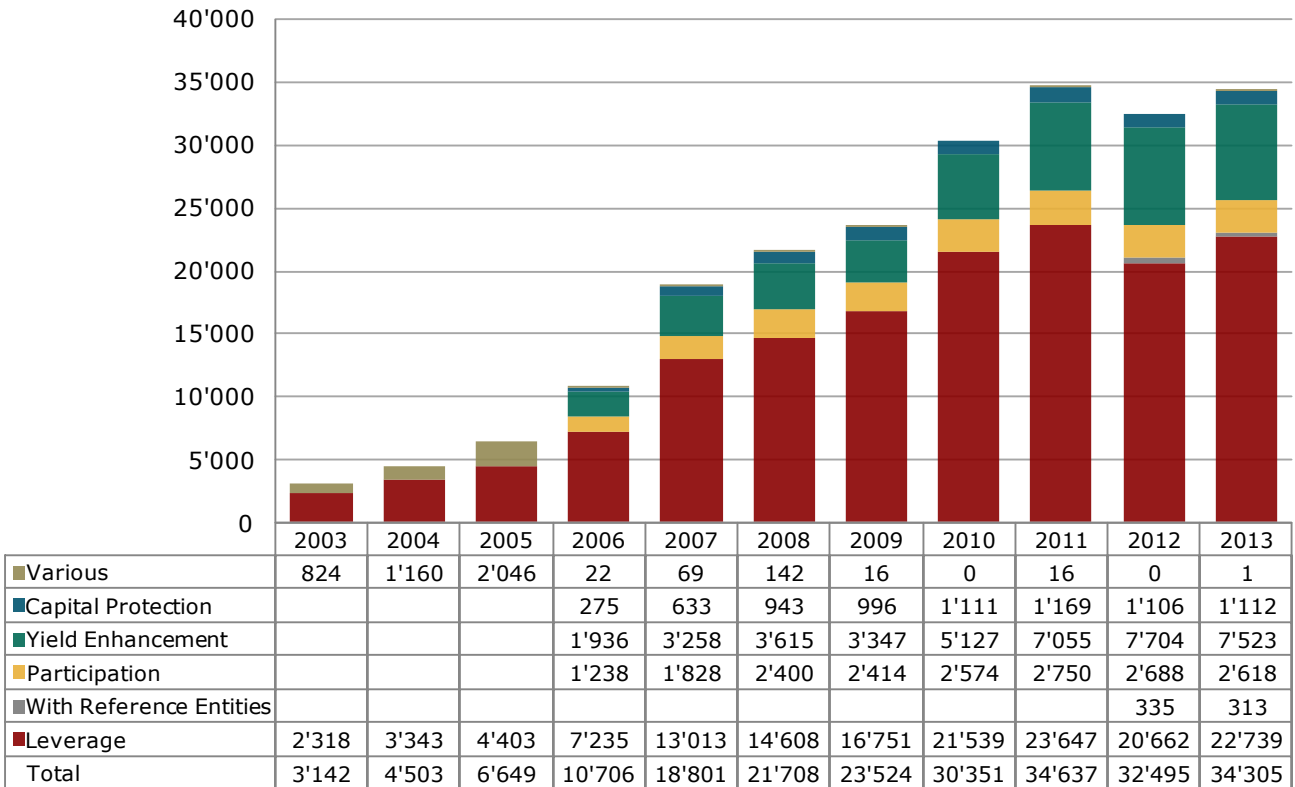


- Compared to the beginning of the year the turnover in September is lower by 44.67%.
- Compared to the previous month the turnover increased in September by 8.74%.
- The increase of turnover is mainly due to the categories of leverage products (+31.13%) and yield enhancement (+19.43%).

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

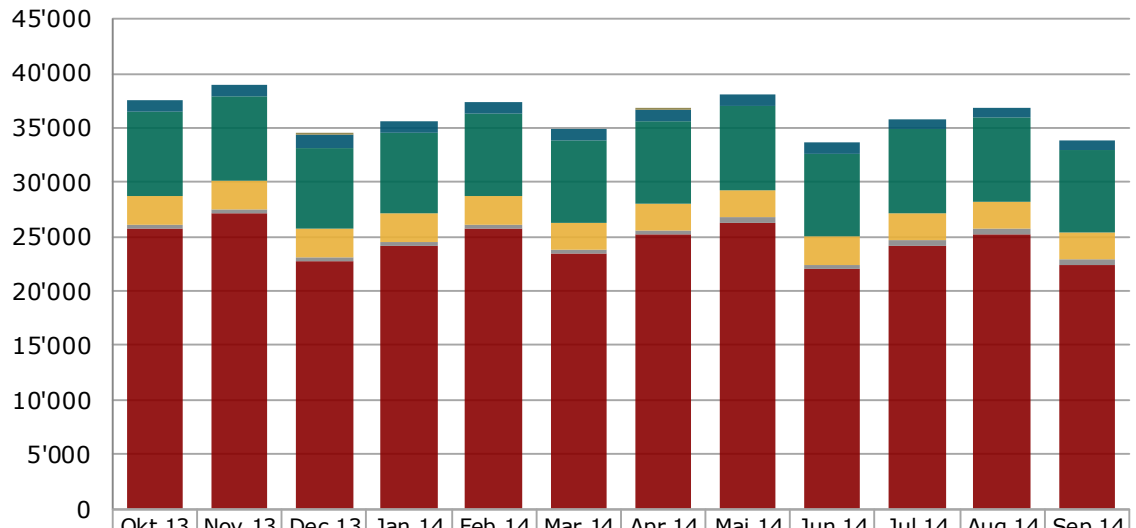


- With an amount of 34'305 products at the end of 2013 there have been more products issued compared to the previous year. Compared to 2012 the increase totals 1'810 products (+5.57%).
- In 2013 leverage products (+10.05%) could profit the most.

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



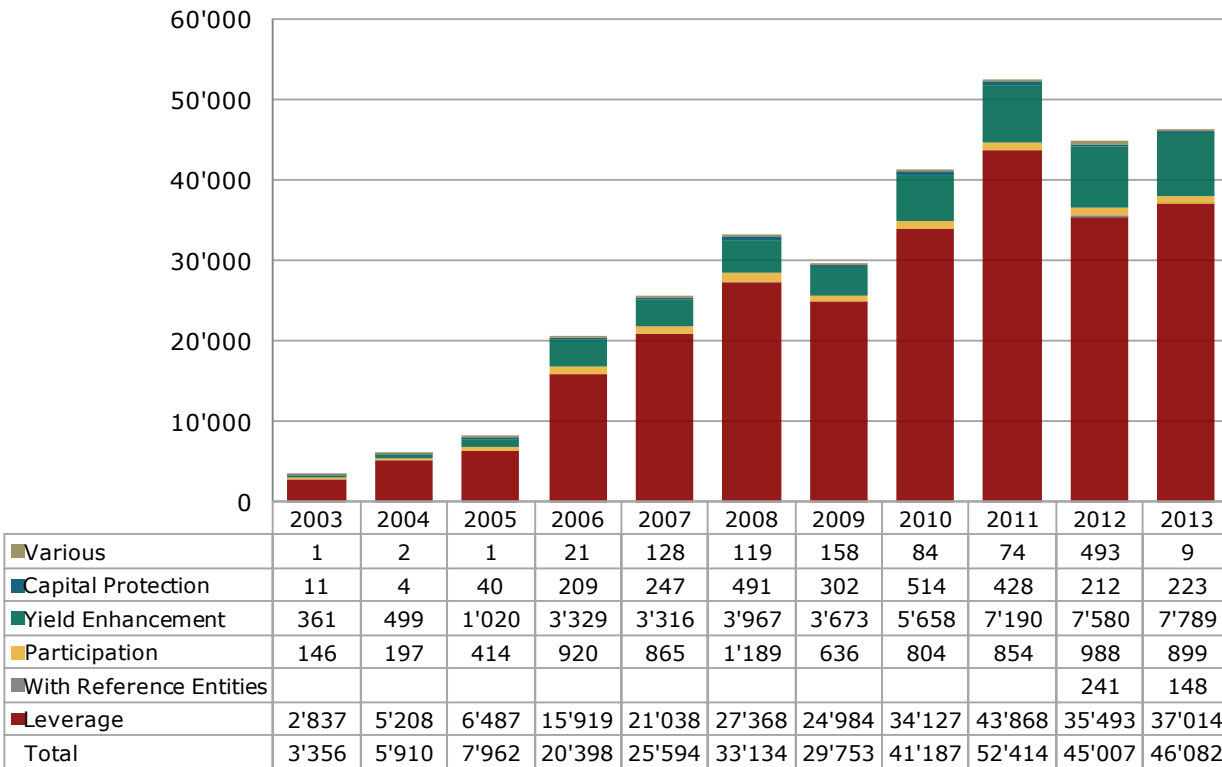
	Okt 13	Nov 13	Dec 13	Jan 14	Feb 14	Mar 14	Apr 14	Mai 14	Jun 14	Jul 14	Aug 14	Sep 14
■ Various	0	0	1	0	0	0	1	0	0	0	0	0
■ Capital Protection	1'096	1'091	1'112	1'089	1'091	1'064	1'056	1'037	1'042	1'012	999	1'009
■ Yield Enhancement	7'695	7'678	7'523	7'314	7'483	7'442	7'456	7'647	7'598	7'699	7'719	7'514
■ Participation	2'625	2'634	2'618	2'612	2'636	2'616	2'594	2'604	2'575	2'528	2'514	2'498
■ With Reference Entities	301	309	313	309	332	343	354	370	382	388	396	401
■ Leverage	25'795	27'203	22'739	24'226	25'784	23'376	25'141	26'348	22'081	24'232	25'258	22'475
Total	37'513	38'915	34'305	35'550	37'326	34'841	36'602	38'006	33'678	35'859	36'886	33'897

- In the third quarter especially the category of listed products with reference entities (+4.97%) and leverage products (+1.78%) achieved an increase. However, listed products for the capital protection products (-3.17%), participation products (-2.99%) and yield enhancement products (-1.11%) decreased.
- Please note that in March, June and September 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

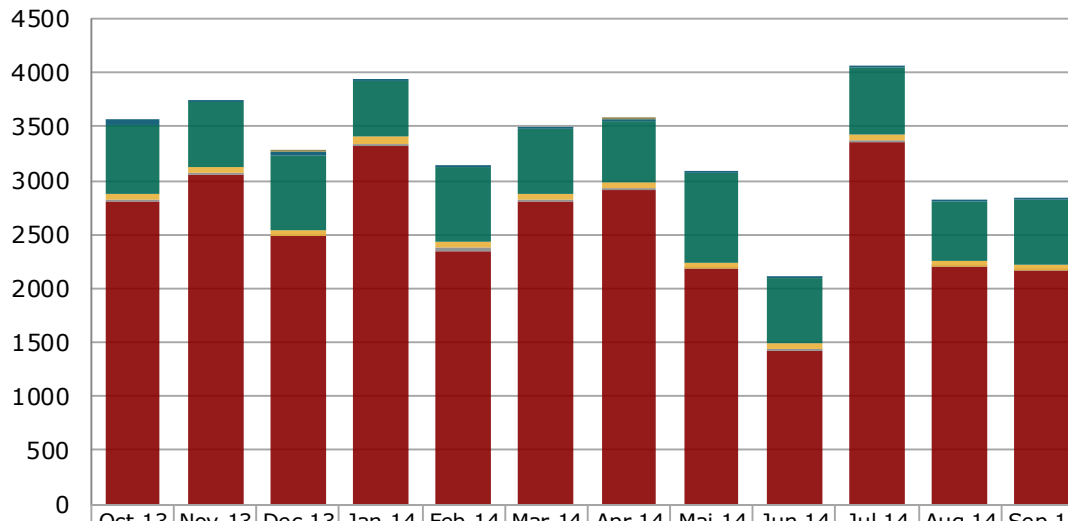


- In the year 2013 with 46'082 new issues the previous years could be outreached. Compared to 2012 it is an increase of 2.39%.
- Leverage products accounted for the biggest part with 80.32%. Primarily yield enhancement products were issued in the category of investment products with a share of 16.90%.

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



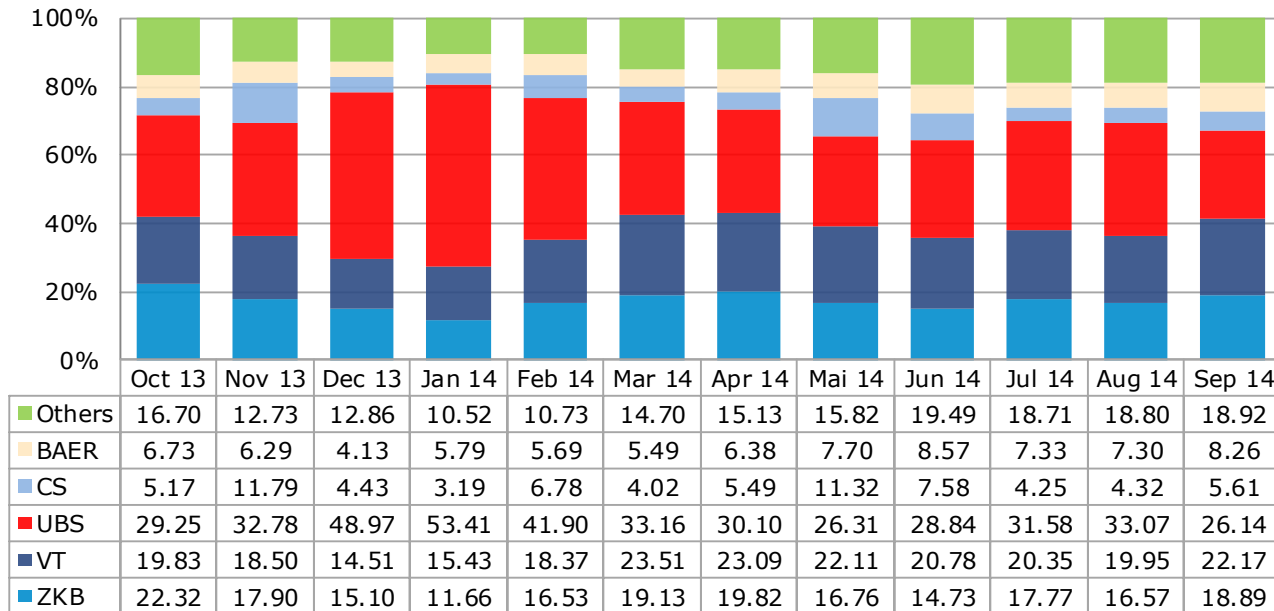
- Whereas 8'758 products were issued in the second quarter of 2014 the third quarter 2014 saw an increase of 11.09% to 9'729 products.
- Compared to the beginning of the year 2014 (3'924 products) a lesser amount of products was issued in September (-27.45%).

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 %



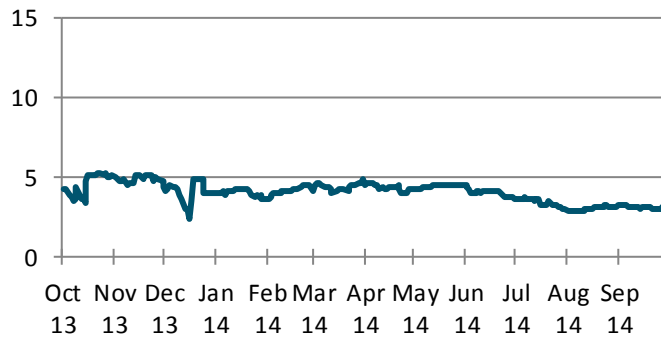
- In September 2014, the five biggest issuers of stock-exchange-listed structured products are UBS (market share total: 26.14%), Bank Vontobel (22.17%), ZKB (18.89%), Bank Julius Baer (8.26%) and Credit Suisse (5.61%).
- In the third quarter among the five largest issuers ZKB (+28.24%) and Bank Vontobel (+8.94%) could improve their shares at the expense of Credit Suisse (-25.99%), UBS (-9.36%) and Bank Julius Baer (-3.62%).

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

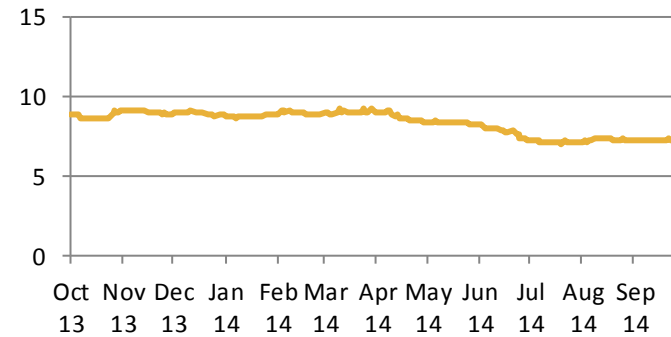
5. SSPA risk figure

5.1 Aggregated Market Risk (VaR) during the year

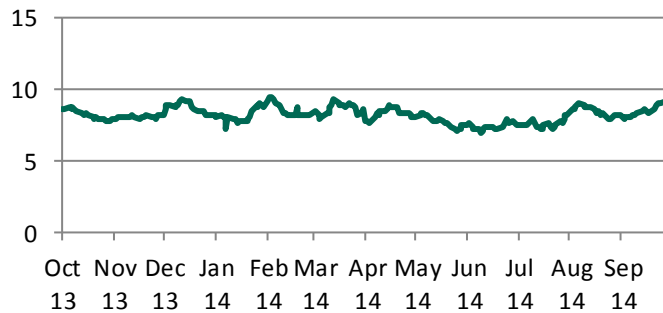
Capital Protection



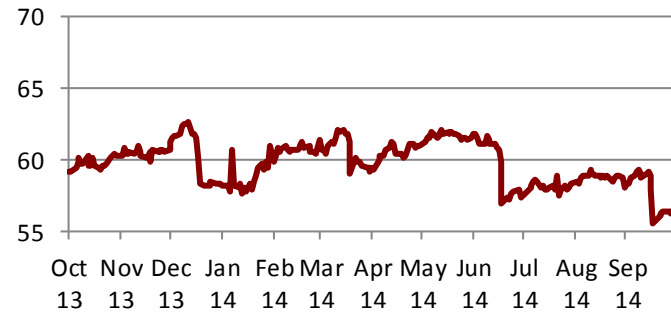
Participation



Yield Enhancement



Leverage

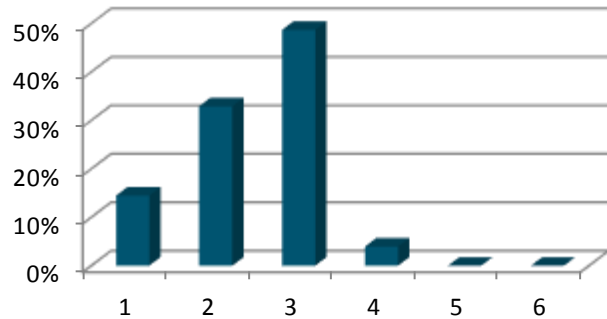


Value at Risk (VaR) Measuring unit of a product's market risk, it describes the loss that will not be exceeded within a specific holding period (i.e. 10 days) with a defined probability (i.e. 99%).

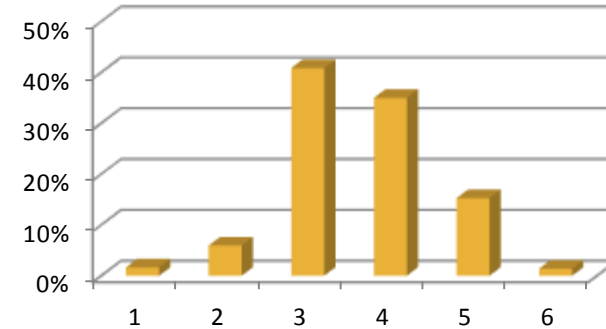
5. SSPA risk figure

5.2 Distribution of risk categories at the end of the quarter

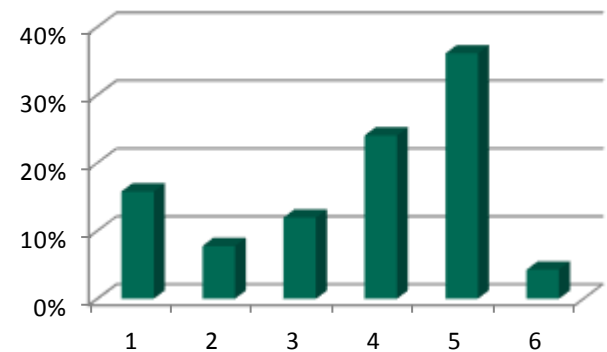
Risc classes Capital Protection



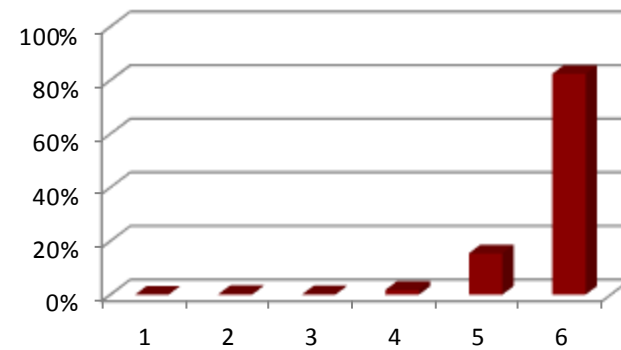
Risc classes Participation



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

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 AG

Derivative Partners Research AG

In-house surveys

Key date is 30th September 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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