

Market Report Structured Products

Quarterly Report

December 2014

Swiss Structured Products Association SSPA



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1. Main points at a glance

1.1 Key figures

- CHF 201.78 bn were invested in structured products in Swiss bank deposits (assets under management) as of the end of October 2014 (most recent data from the Swiss National Bank). This is a plus of 1.97%.
- Compared with other types of securities this represents 3.69% of all Swiss deposits.
- Private investors account for a 27.23% share in deposits, institutional investors for 67.82% and commercial clients for 4.95%.
- The SIX Structured Products Exchange turnover of structured products in December 2014 was CHF 2.16 bn, which is a increase of 22.55% compared to the previous month.
- The category of leverage products holds a share of 50.67% of the total turnover. The share for investment products decreased to 49.33%.
- 31'989 products were listed at the end of December 2014 of which 10'256 (32.06%) were issued in the fourth quarter.
- In December 2014, the five biggest issuers of stock-exchange-listed structured products are UBS (market share total: 33.49%), Bank Vontobel (19.77%), ZKB (15.38%), Bank Julius Baer (13.82%) and Credit Suisse (5.26%). The share of all other issuers is 13.82%.
- By the end of the year the VaR values show for the SSPA categories participation and yield enhancement a slightly increasing trend regarding their risks. In contrast for the categories capital protection and leverage are still decreasing values observed. Compared to the third quarter there were no radical changes for the risk classes yield enhancement and leverage. In the fourth quarter the participation products clearly tend to category 4 and the capital protection products to categories 2 and 3.

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 31.12.2014

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

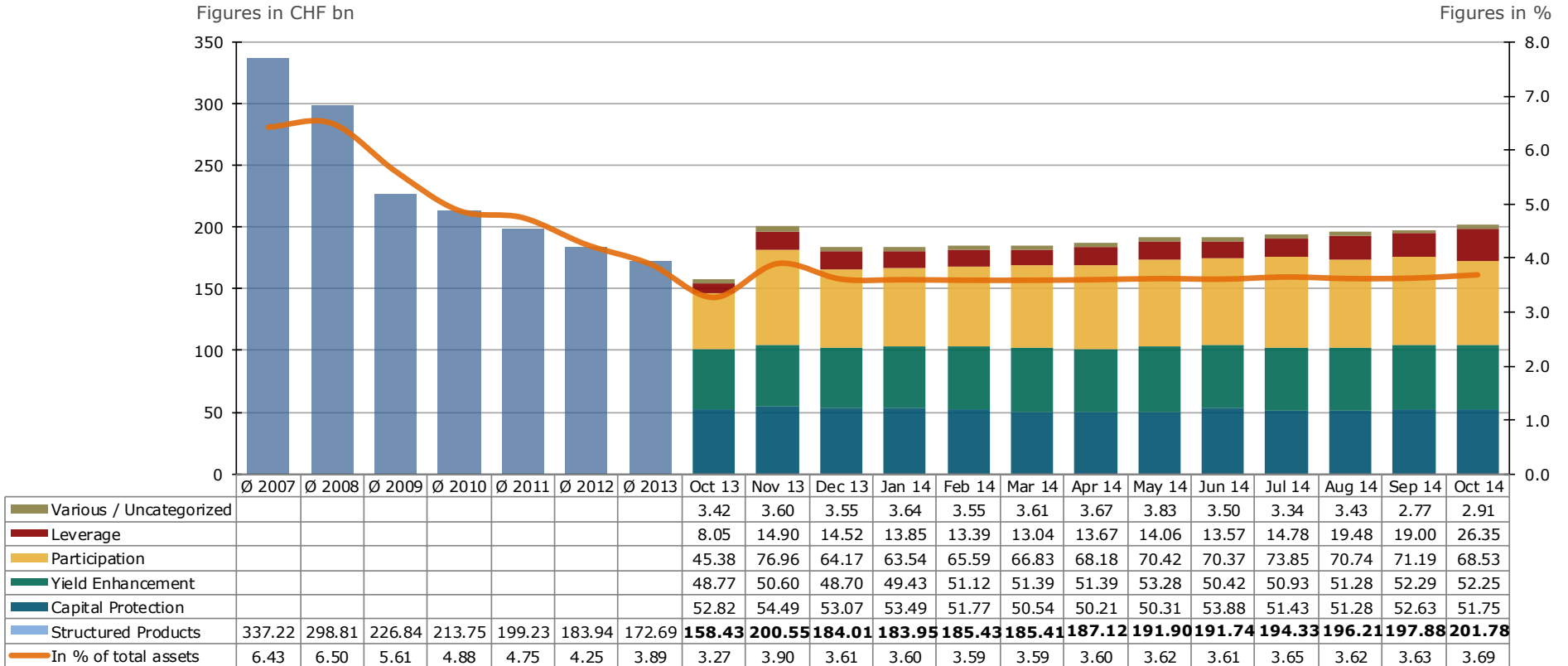
LEVERAGE PRODUCTS

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



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
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
Aug 14	5'416	61	1'271	2'169	1'719	196	0
Sep 14	5'456	58	1'285	2'174	1'740	198	0
Oct 14	5'469	64	1'282	2'177	1'745	202	0

- Compared to the previous year total securities held increased from CHF 4'839 bn to CHF 5'469 bn in October 2014 (plus CHF 630 bn), which is a non-price-adjusted rise of 13.02%.
- In this period, the market for structured products increased from CHF 158.43 bn to CHF 201.78 bn. This is a plus of 27.36% 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 structured products (+27.36%) has most remarkably increased whereas on the other hand the market share in money market papers (-1.90%) has slightly 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
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
Aug 14	1.13	23.47	40.05	31.73	3.62	0.00
Sep 14	1.07	23.55	39.86	31.90	3.63	0.00
Oct 14	1.17	23.44	39.81	31.90	3.69	0.00

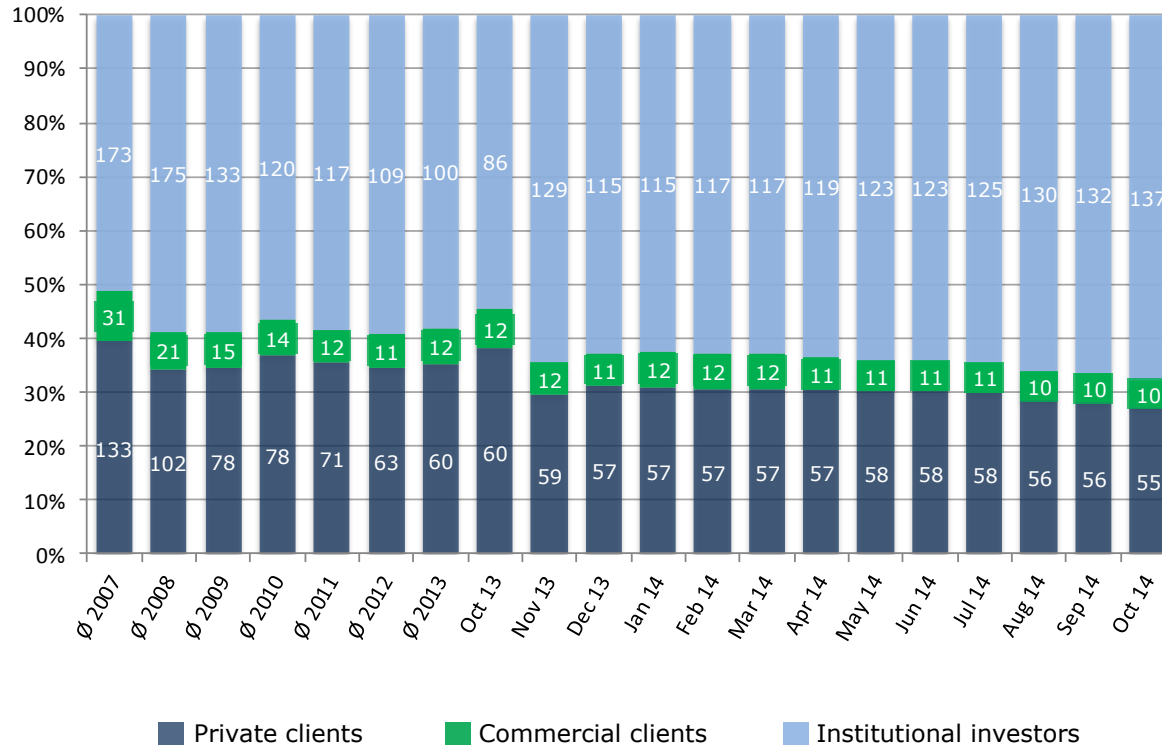
Source: SNB Monthly Statistical Bulletin, latest available figures

- In October 2014 3.69% of all client deposits were invested in Structured Products.
- Compared to the preceding year (3.27%) this is a increase of 12.68%.
- In the other asset classes there has for the same period been a shift away from money market papers (-13.21%) and bonds (-5.56%) towards the asset class of structured products (+12.68%), shares (+2.78%) and investment funds (+0.25%).

3. Securities held in banks' client deposits

3.4 By client (deposits holders)

Figures in CHF bn



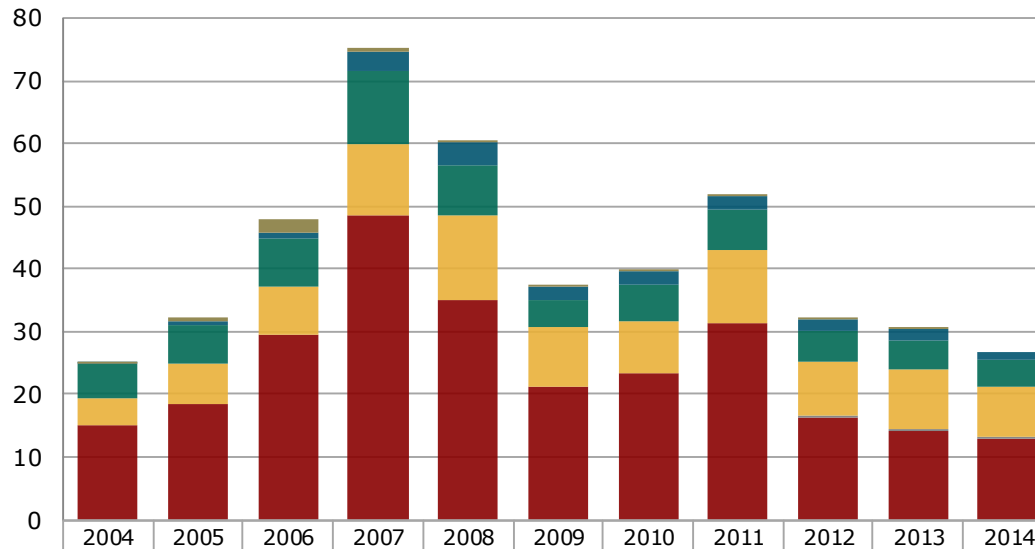
- SSPA estimates that more than half of all Structured Products are placed by investment managers acting on behalf of private investors.

Source: SNB Monthly Statistical Bulletin, latest available figures

4. Structured products at the SIX Structured Products Exchange

4.1 Turnover 2004 - 2014

Figures in CHF bn



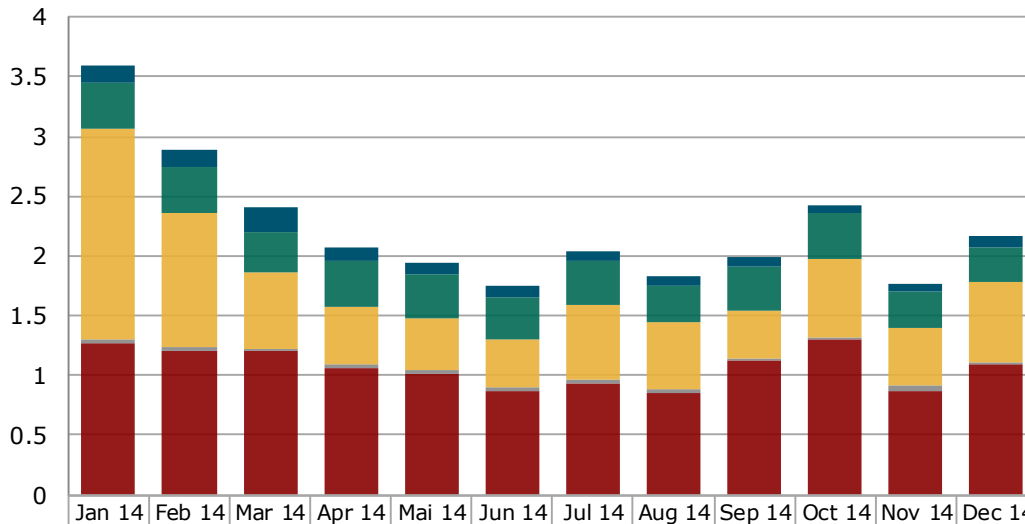
- Compared to the previous year 2013 turnover decreased to CHF 26.83 bn (-11.46%). Measured against the exceptionally strong year 2007 this equals about 35.59% of the turnover at that time.
- Against 2013 in 2014 products with reference entities (+22.54%) could increase their demand, however, especially participation products (-12.64%) and leverage products (-10.39%) were less in demand.

Source: SIX Structured Products Exchange AG, Derivative Partners AG

4. Structured products at the SIX Structured Products Exchange

4.2 Turnover in the last 12 months

Figures in CHF bn

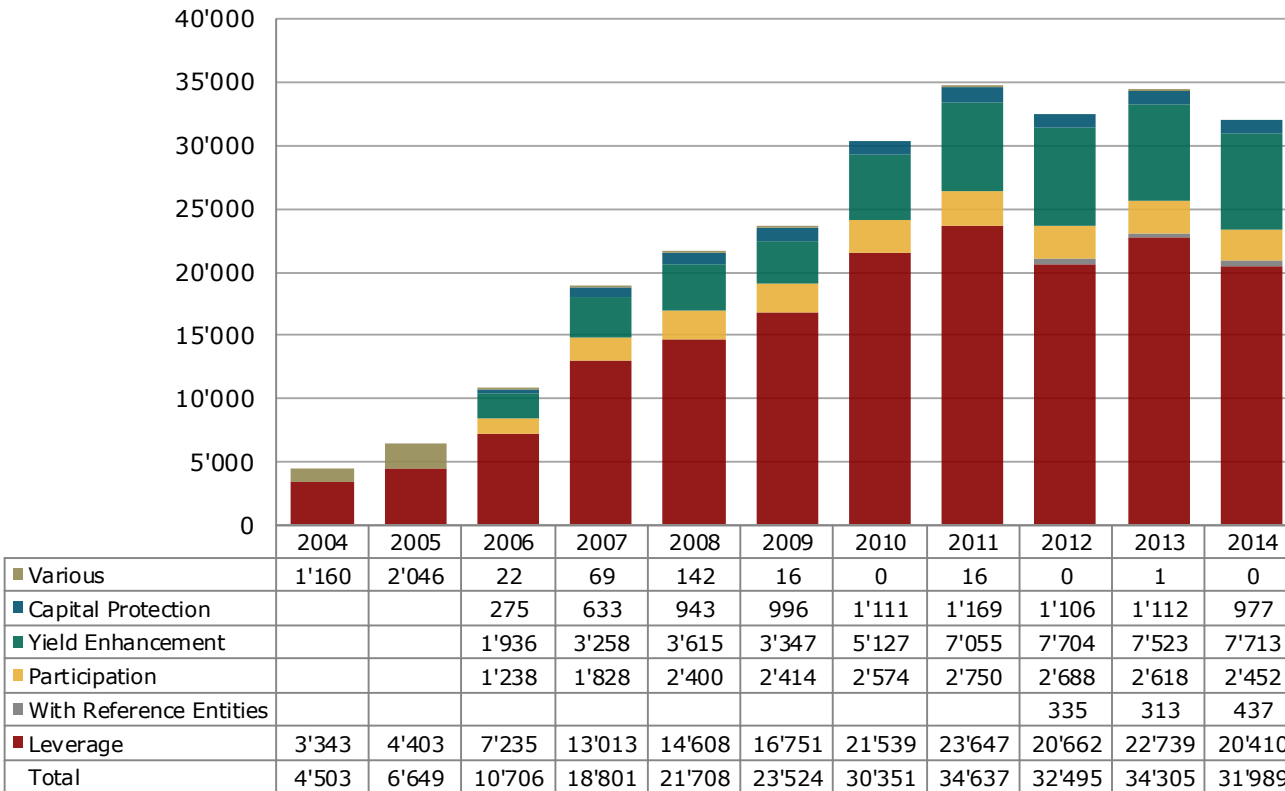


- Compared to the beginning of the year the turnover in December is lower by 39.83%.
- Compared to the previous month the turnover increased in December by 22.55%.
- The increase of turnover is mainly due to the categories of participation products (+37.36%) and leverage products (+25.11%).

Source: SIX Structured Products Exchange AG, Derivative Partners AG

4. Structured products at the SIX Structured Products Exchange

4.3 Number of listed products 2004 – 2014

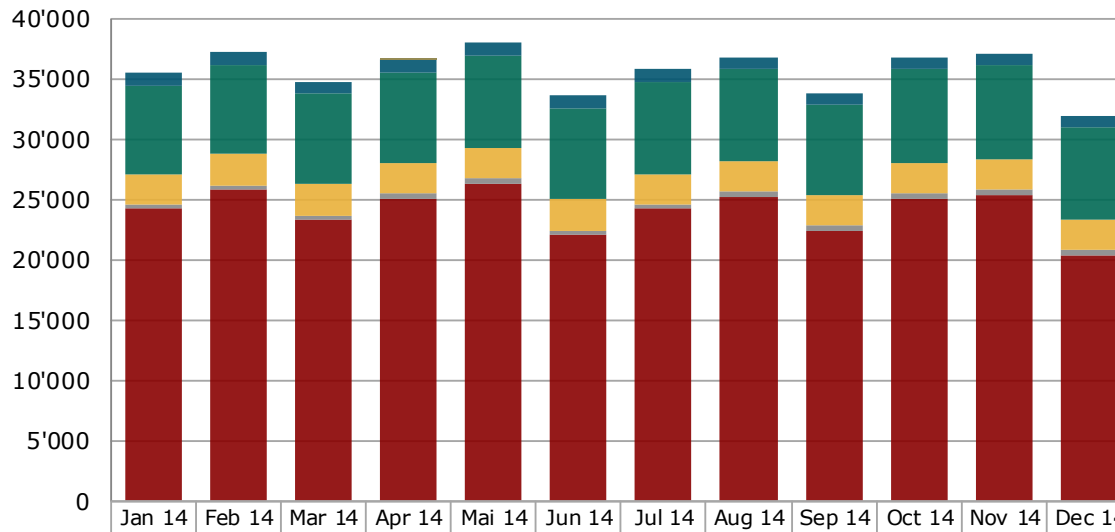


- With an amount of 31'989 products at the end of 2014 there have been fewer products issued compared to the previous year. Compared to 2013 the decrease equals 2'316 products (-6.75%).
- In 2014 capital protection products (-12.14%) have decreased the most.

Source: SIX Structured Products Exchange AG, Derivative Partners AG

4. Structured products at the SIX Structured Products Exchange

4.4 Number of listed products in the last 12 months

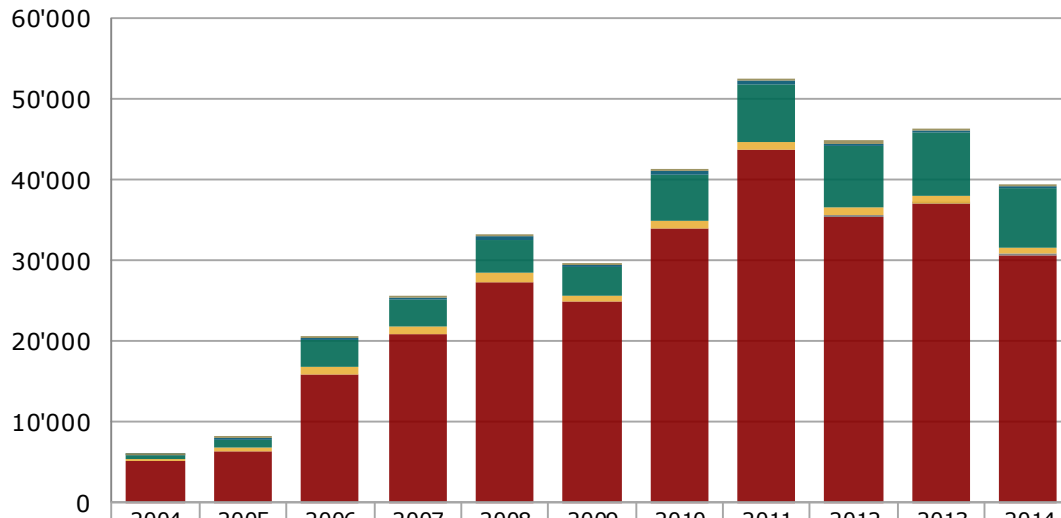


- In the fourth quarter especially the category of listed products with reference entities (+8.98%) and yield enhancement (+2.65%) achieved an increase. However, listed products for the leverage products (-9.19%), capital protection products (-3.17%) and participation products (-1.84%) decreased.
- Please 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 Structured Products Exchange AG, Derivative Partners AG

4. Structured products at the SIX Structured Products Exchange

4.5 New issues 2004 – 2014



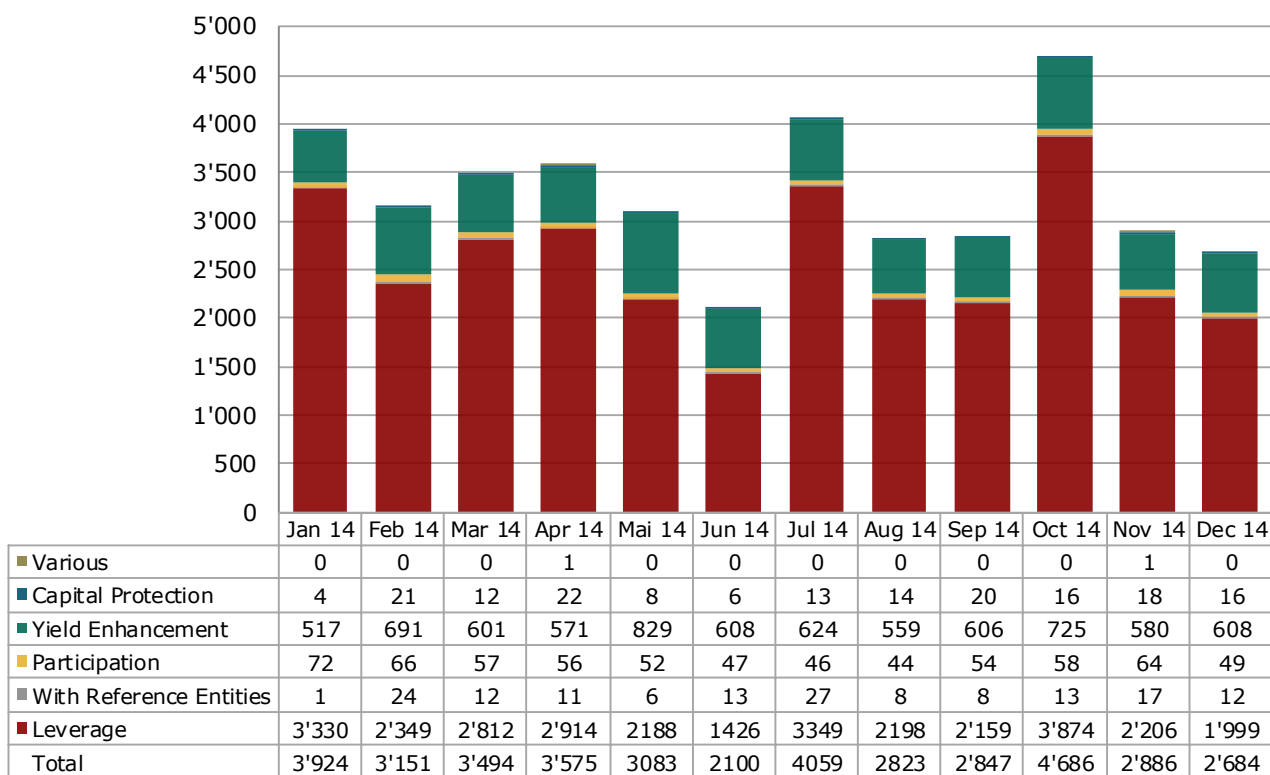
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
■ Various	2	1	21	128	119	158	84	74	493	9	2
■ Capital Protection	4	40	209	247	491	302	514	428	212	223	170
■ Yield Enhancement	499	1'020	3'329	3'316	3'967	3'673	5'658	7'190	7'580	7'789	7'519
■ Participation	197	414	920	865	1'189	636	804	854	988	899	665
■ With Reference Entities									241	148	152
■ Leverage	5'208	6'487	15'919	21'038	27'368	24'984	34'127	43'868	35'493	37'014	30'804
Total	5'910	7'962	20'398	25'594	33'134	29'753	41'187	52'414	45'007	46'082	39'312

- In the year 2014 with 39'312 new issues the previous years could not be outreached. Compared to 2013 it is a decrease of 14.69%.
- Leverage products accounted for the biggest part with 78.36%. Especially yield enhancement products were issued in the category of investment products with a share of 19.13%.

Source: SIX Structured Products Exchange AG, Derivative Partners AG

4. Structured products at the SIX Structured Products Exchange

4.6 New issues in the last 12 months



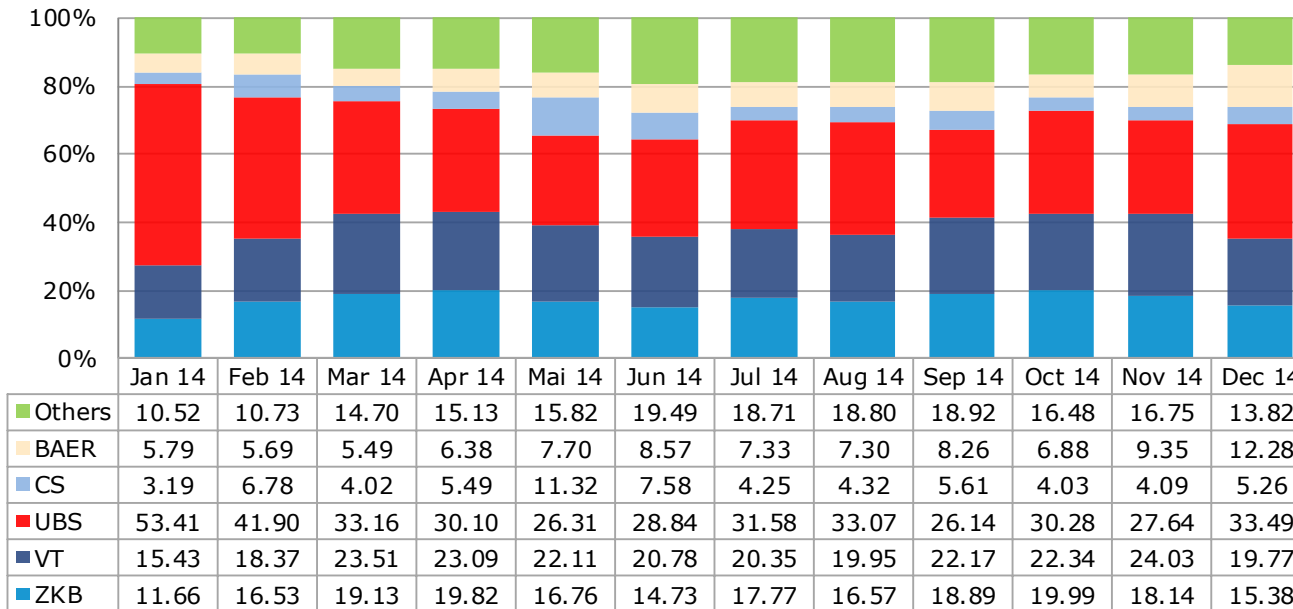
- Whereas 9'729 products were issued in the third quarter of 2014 the fourth quarter 2014 saw an increase of 5.42% to 10'256 products.
- Compared to the beginning of the year 2014 (3'924 products) a lesser amount of products was issued in December (-31.60%).

Source: SIX Structured Products Exchange AG, Derivative Partners AG

4. Structured products at the SIX Structured Products Exchange

4.7 Market shares (turnover) of the five largest issuers

Figures in %



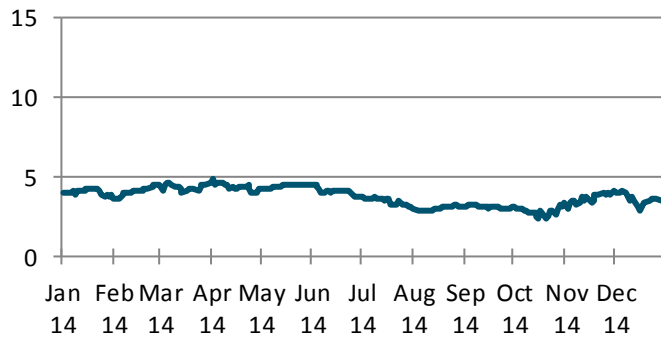
- In December 2014, the five biggest issuers of stock-exchange-listed structured products are UBS (market share total: (33.49%), Bank Vontobel (19.77%), ZKB (15.38%), Bank Julius Baer (12.28%) and Credit Suisse (5.26%).
- In the fourth quarter among the five largest issuers Bank Julius Baer (+48.62%) and UBS (+28.10%) could improve their shares at the expense of ZKB (-18.58%), Bank Vontobel (-10.82%) and Credit Suisse (-6.26%).

Source: SIX Structured Products Exchange AG, Derivative Partners AG

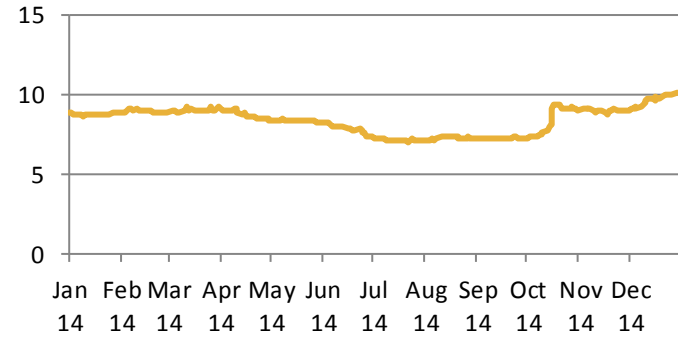
5. SSPA risk figure

5.1 Aggregated Market Risk (VaR) during the year

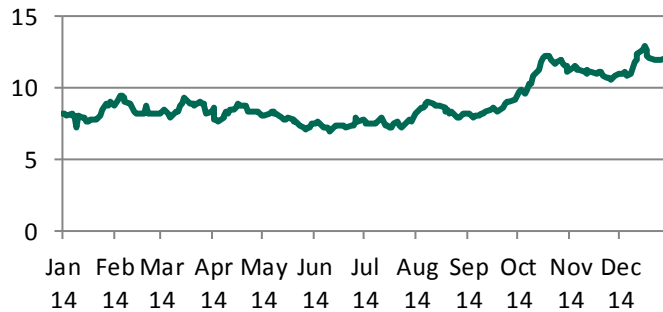
Capital Protection



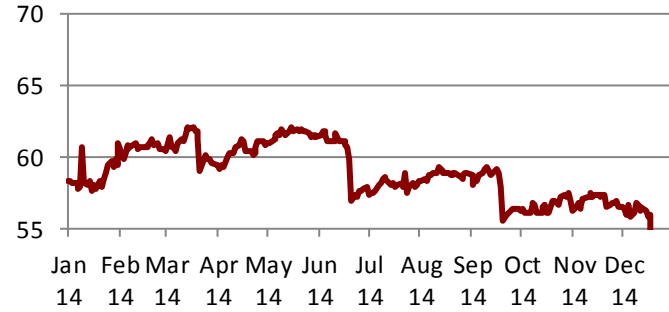
Participation



Yield Enhancement



Leverage

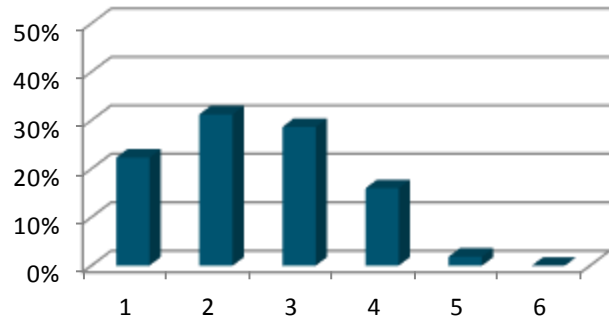


Value at Risk (VaR) Measuring unit of a product's market risk, it describes the loss that will not be exceeded within a specific holding period (i.e. 10 days) with a defined probability (i.e. 99%).

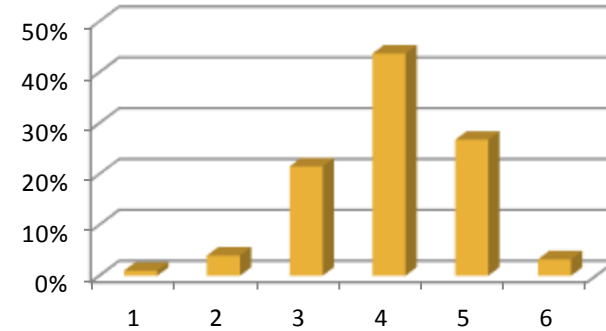
5. SSPA risk figure

5.2 Distribution of risk categories at the end of the quarter

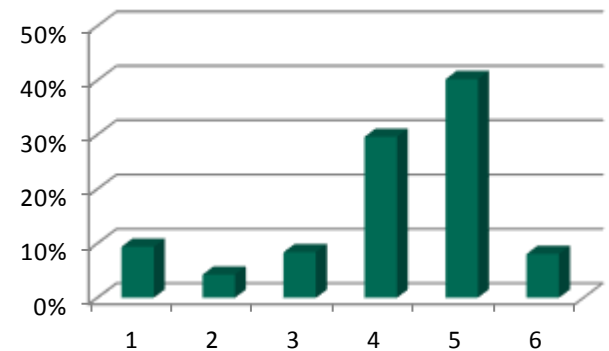
Risc classes Capital Protection



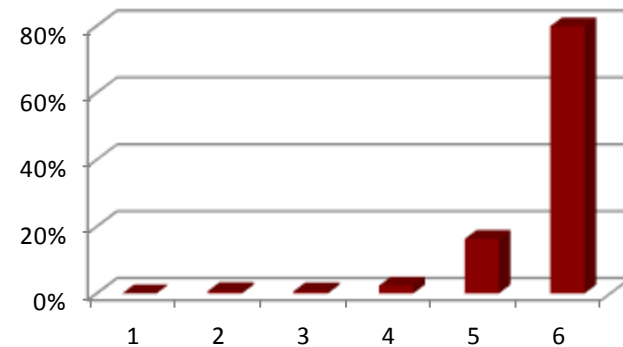
Risc classes Participation



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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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 30st December 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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