



SVSP

Schweizerischer Verband für Strukturierte Produkte
Swiss Structured Products Association
Associazione Svizzera per prodotti strutturati
Association Suisse Produits Structurés

Structured Products Value Creation - Q2 2018

Swiss Structured Products Association - SSPA

JULY 2018

BCG

THE BOSTON CONSULTING GROUP

Executive summary¹

Turnover for Swiss structured products of the major SSPA members amounted to CHF 83 bn in Q2 2018:

- Total turnover of CHF 83 bn is CHF 12 bn higher than in Q2 2017 (CHF 71 bn); growth rate compared to the previous year is 17%
- Over the first half-year 2018, growth amounted to 24% compared to the first half-year 2017

Yield enhancement and leverage products dominating, shares shifted compared to previous year:

- With 48%, yield enhancement products account for approximately half of the total turnover in Q2 2018, declining from 58% in Q2 2017; seeing a turnover growth of 82% compared to Q2 2017, leverage products constitute the second-largest product group with 22% of the total turnover in Q2 2018
- The share of participation products increased to 17% in Q2 2018 from 14% in Q2 2017
- Capital protection products make up 11% in Q2 2018, with their turnover growing by 15% compared to Q2 2017
- Again, leverage products represent the vast majority (92%) of all structured products transactions

Equity and Foreign Exchange asset classes still dominating the turnover; decreasing share of Foreign Exchange and Fixed Income:

- With 54%, Equity products represent the largest portion of total turnover in Q2 2018, growing by 31% compared to previous year; the share of Foreign Exchange products on the other hand decreased from 34% to 29% compared to previous year
- Despite a nominal turnover growth of 4% compared to Q2 2017, the share of Fixed Income products decreased to 11% (previous year: 12%)

Swiss structured products still mostly defined by non-listed products, nominally increasing with decreasing turnover share:

- Non-listed products constitute about 62% of turnover in Q2 2018; although nominally increasing by 3% from CHF 50 bn to CHF 51 bn compared to Q2 2017, the turnover share decreased by 9 percentage points

Primary market with decreasing turnover as well as decreasing turnover share:

- The primary market decreased nominally from CHF 47 bn in Q2 2017 to CHF 45 bn and lost 12 percentage points of turnover share (54%) compared to the previous year due to strong growth of the secondary market (CHF 38 bn relative to CHF 24 bn in Q2 2017)
- The secondary market comprised around 98% of all transactions in Q2 2018, with the number of transactions growing by 108% compared to Q2 2017

With a total share of 84%, USD, EUR and CHF are still by far the most used currencies:

- USD is again the predominant currency in Q2 2018 with a share of 38% (previous year: 42%)
- The share of EUR slightly increased by 3 percentage points to 32%, while CHF loses share reaching 14% (previous year: 18%)

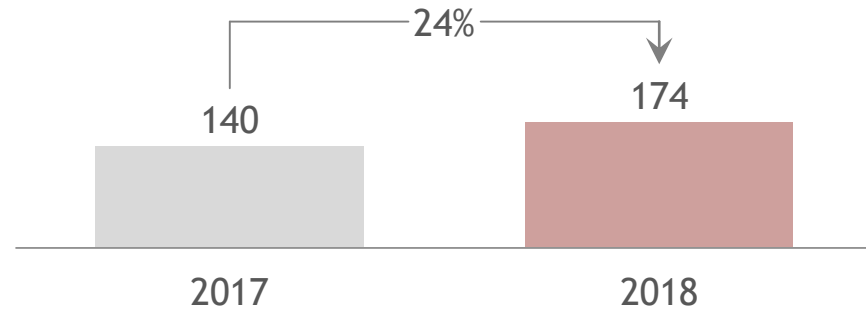
1. Numbers are commercially rounded. Compared to the preceding report, several participating banks were able to improve their data analyses. These changes were applied retroactively also to the 2017 data

Overall turnover development of structured products in 2017 and 2018

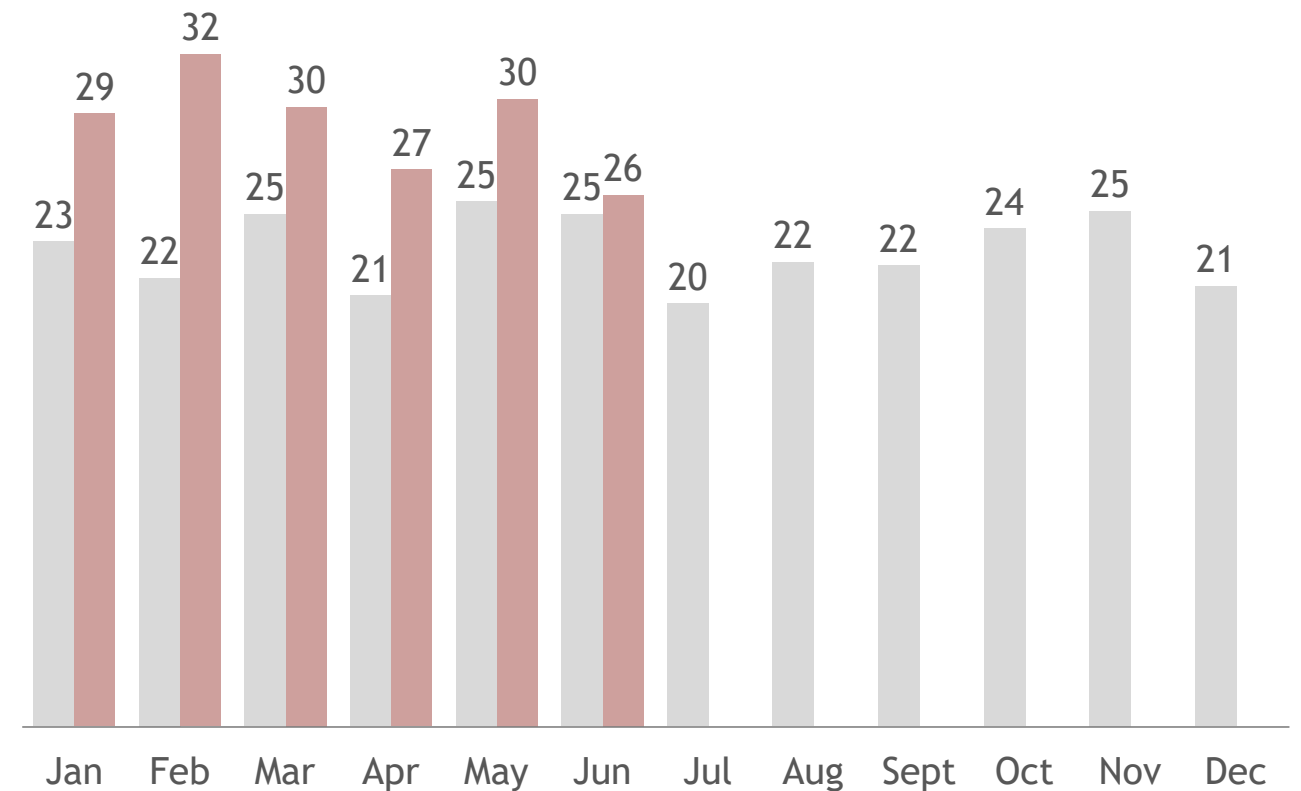
Turnover in respective time frame in bn CHF

2017 2018

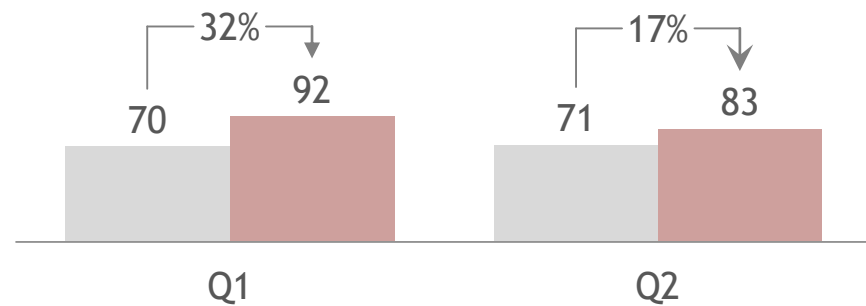
Half-year comparison



Monthly comparison



Quarterly comparison



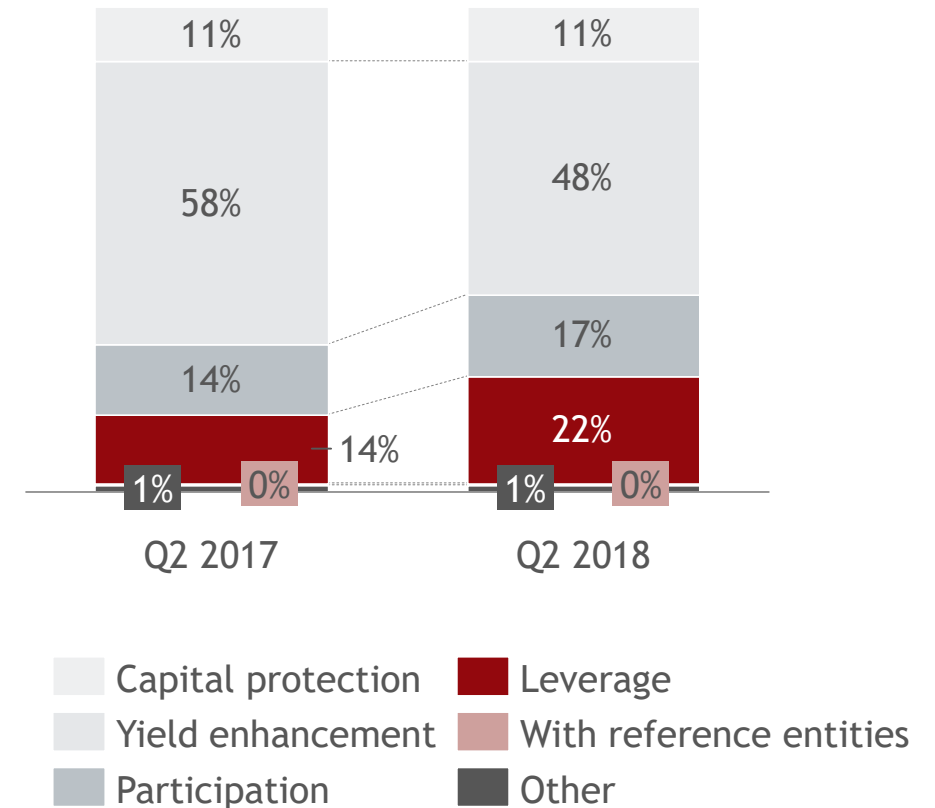
Turnover of structured products split by product group

Turnover in respective time frame in bn CHF

Split by product group

Product group		Turnover		Transactions	
		CHF	in %	#	in %
Capital protection	Q2 2017	8.0	11.3%	4'801	0.3%
	Q2 2018	9.2	11.1%	4'492	0.2%
Yield enhancement	Q2 2017	41.2	58.3%	128'992	8.7%
	Q2 2018	39.9	48.4%	143'492	4.8%
Participation	Q2 2017	10.2	14.5%	68'284	4.6%
	Q2 2018	13.9	16.8%	81'595	2.7%
Leverage	Q2 2017	10.1	14.2%	1'275'028	86.2%
	Q2 2018	18.3	22.2%	2'759'162	92.3%
With reference entities	Q2 2017	0.2	0.3%	1'548	0.1%
	Q2 2018	0.1	0.1%	1'163	0.0%
Other	Q2 2017	1.0	1.4%	1'308	0.1%
	Q2 2018	1.2	1.4%	688	0.0%
Total	Q2 2017	70.6	100.0%	1'479'961	100.0%
	Q2 2018	82.6	100.0%	2'990'592	100.0%

Turnover split



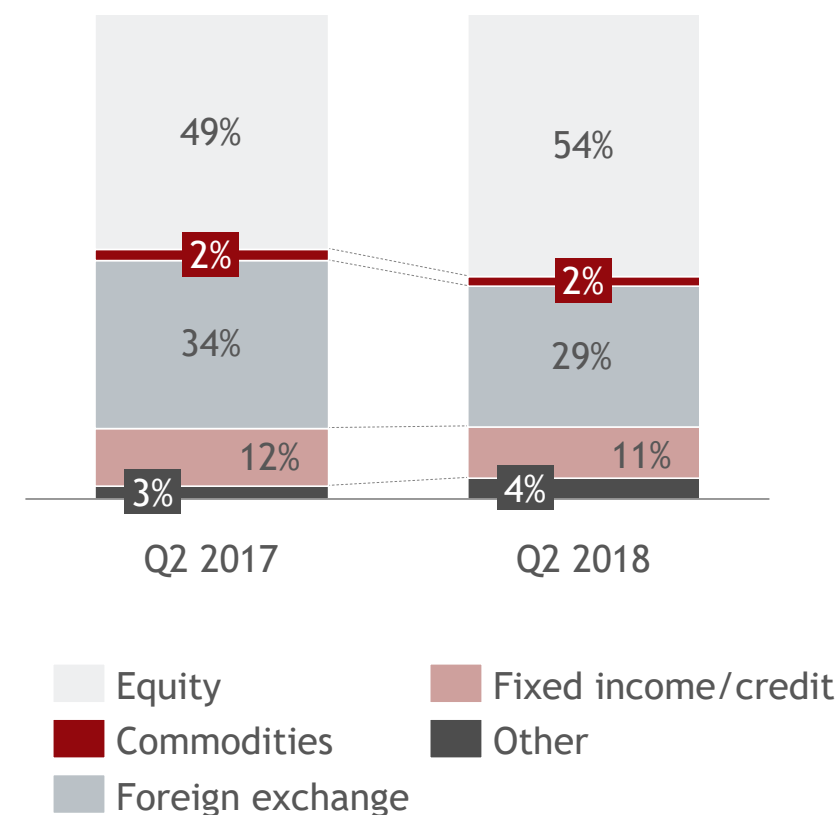
Turnover of structured products split by asset class

Turnover in respective time frame in bn CHF

Split by asset class

Asset class		Turnover		Transactions	
		CHF	in %	#	in %
Equity	Q2 2017	34.3	48.6%	1'182'128	79.9%
	Q2 2018	44.8	54.3%	2'674'304	89.4%
Commodity	Q2 2017	1.6	2.3%	215'334	14.5%
	Q2 2018	1.5	1.8%	193'006	6.5%
Foreign Exchange	Q2 2017	24.3	34.5%	58'478	4.0%
	Q2 2018	23.9	29.0%	94'678	3.2%
Fixed Income/ Credit	Q2 2017	8.5	12.1%	10'855	0.7%
	Q2 2018	8.8	10.7%	13'759	0.5%
Other	Q2 2017	1.8	2.6%	13'167	0.9%
	Q2 2018	3.5	4.3%	14'845	0.5%
Total	Q2 2017	70.6	100.0%	1'479'961	100.0%
	Q2 2018	82.6	100.0%	2'990'592	100.0%

Turnover split

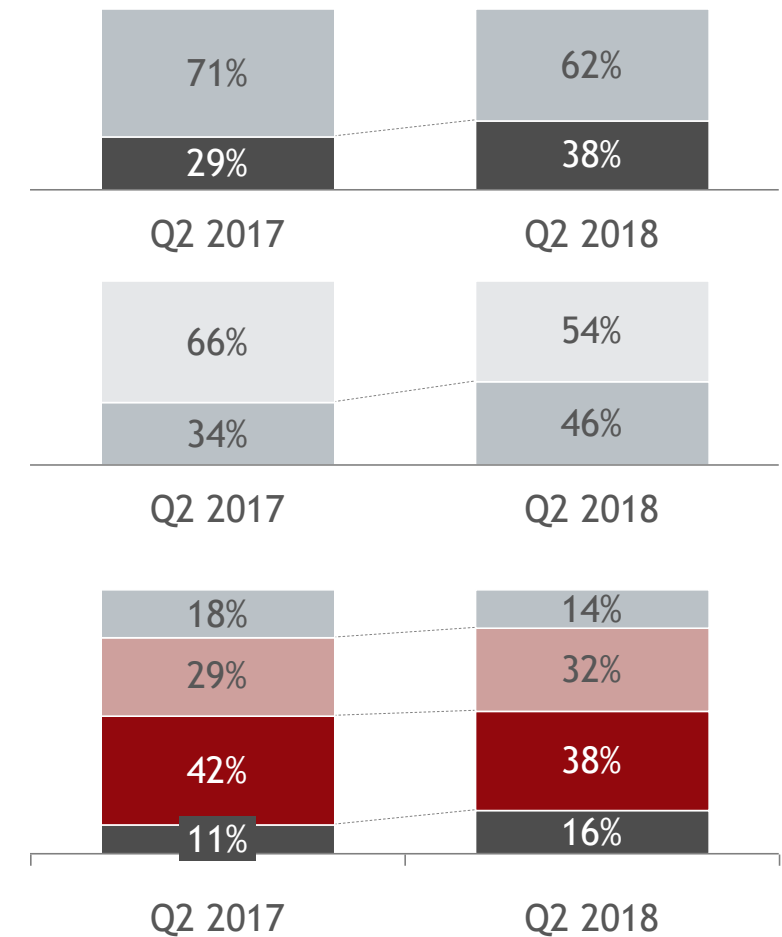


Turnover of structured products split by trade type, market & currency

Turnover in respective time frame in bn CHF

	Turnover in Q2 2018		Transactions in Q2 2018		
	CHF	in %	#	in %	
Trade type	Non-listed	51.3	62.1%	241'123	8.1%
	Listed	31.3	37.9%	2'749'469	91.9%
Market	Primary	44.9	54.4%	69'091	2.3%
	Secondary	37.7	45.6%	2'921'501	97.7%
Investment currency	CHF	11.8	14.3%	275'580	9.2%
	EUR	26.2	31.8%	1'700'705	56.9%
	USD	31.1	37.7%	60'393	2.0%
	Other	13.4	16.2%	953'915	31.9%
	Total	82.6	100.0%	2'990'592	100.0%

Turnover split



Source: Data collected monthly from SSPA member institutes

Data collection methods and definitions

Data collection and verification

Issuers provide data on a monthly basis

- Data is provided by SSPA members

Requested data points include

- Product group
- Asset class
- Trade type
- Market
- Investment currency
- Transactions
- Turnover in investment currency
- Turnover in CHF

Data verification

- Randomly chosen data points are cross-checked with publicly available data sources
- Data collection process is closely aligned with participating issuers

Product groups¹ (I/II)

Capital protection products

- Capital Protection Certificate with Participation (1100)
- Convertible Certificate (1110)
- Barrier Capital Protection Certificate (1130)
- Capital Protection Certificate with Coupon (1140)
- Miscellaneous Capital Protection Certificates (1199)

Yield enhancement products

- Discount Certificate (1200)
- Barrier Discount Certificate (1210)
- Reverse Convertible (1220)
- Barrier Reverse Convertible (1230)
- Express Certificate (1260)
- Miscellaneous Yield Enhancement Certificates (1299)

Product groups¹ (II/II)

Participation products

- Tracker Certificate (1300)
- Outperformance Certificate (1310)
- Bonus Certificate (1320)
- Bonus Outperformance Certificate (1330)
- Twin-Win Certificate (1340)
- Miscellaneous Participation Certificates (1399)

Leverage products

- Warrant (2100)
- Spread Warrant (2110)
- Warrant with Knock-Out (2200)
- Mini-Future (2210)
- Constant Leverage Certificate (2300)
- Miscellaneous Leverage Certificates (2099)

Investment products with reference entities

- Reference Entity Certificate with Conditional Capital Protection (1410)
- Reference Entity Certificate with Yield Enhancement (1420)
- Reference Entity Certificate with Participation (1430)

Other

- Miscellaneous Certificates (9999)

Market

Primary

- Newly issued product volume on the primary market in which the product was engineered in Switzerland

Secondary

- Product volume traded on the secondary market (e.g., stock exchanges) in which the product was engineered in Switzerland

Asset class

Equity

- I.e., stocks, shares of ownership in publicly held companies

Commodity

- Goods traded on a commodity exchange

FX

- Foreign Exchange (incl. structured deposits)

Fixed Income / Credit

- Assets for which interest payments or periodic income is received on a regular basis

Other

- Any other asset class not covered above

Trade type²

Listed

- Products listed at exchanges

Non-listed

- Products not listed at exchanges

Other

Transactions

- Number of transactions for products engineered or sold in Switzerland during a specified month

Turnover

- Volume of all transactions of products engineered or sold in Switzerland taken into account
- Origin of customer (i.e. domestic vs. international) not taken into account
- Third-party market transactions are not taken into account

1. According to SSPA Swiss Derivative Map ©, for a full version please visit www.svsp-verband.ch

2. Including primary and secondary market

Disclaimer

Issued by

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Data as of June 30, 2018.

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