



SVSP

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

Structured Products Value Creation — Q4 2019

Swiss Structured Products Association — SSPA

JANUARY 2020

BCG BOSTON
CONSULTING
GROUP

Executive summary

Turnover for Swiss structured products of the major SSPA members amounted to CHF 86 bn in Q4 2019

- Total turnover in Q4 2019 was CHF 5 bn higher than in the prior-year quarter (CHF 81 bn); growth rate compared to Q4 2018 was 6%
- Yearly turnover for the full year 2019 amounted to CHF 352 bn and grew by 6% compared to 2018

Yield enhancement products leading, turnover shares of participation and leverage products shifting

- At 52%, yield enhancement products held the largest share of total turnover in Q4 2019 (CHF 44 bn)
- Total turnover for participation increased to CHF 17 bn in Q4 2019 compared to last year and turnover share reached 19% (prior year: 17%); participation products constituted the second-largest product group in Q4 2019 (prior-year quarter: leverage with 22%)
- The turnover share of leverage products decreased to 17% in Q4 2019, capital protection products made up 12% of total turnover in Q4 2019
- For the full year 2019, yield enhancement represented the major product group (48%), participation and leverage products reached 20% and 18% respectively

Equity and foreign exchange asset classes dominating, fixed income decreasing

- Equity products constituted the largest portion of total turnover in Q4 2019 (56%), with nominal turnover increasing to CHF 48 bn compared to last year
- While the nominal turnover of foreign exchange products grew compared to prior-year quarter, the turnover share rose from 26% to 27% in Q4 2019
- The nominal turnover of fixed income products declined in Q4 2019 from CHF 13 bn to CHF 9 bn and reached a turnover share of 10% (prior year: 16%)
- On a yearly basis, equity products made up more than half of the yearly turnover (54%) while foreign exchange and fixed income products held shares of 26% and 13%

Non-listed products dominant, listed products decreasing

- While the nominal turnover and turnover share of non-listed products grew to CHF 55 bn and 65% in Q4 2019, the volume and share of listed products decreased
- Growing the turnover share by one percentage point to 63% compared to last year, non-listed products dominated the yearly turnover for 2019

Primary market growing, secondary market losing

- Turnover on the primary market grew by CHF 4 bn of CHF 47 bn compared to prior-year quarter, its share increased by 2 percentage points to 55%
- The shares of yearly turnover on the primary and on the secondary market reached the same levels as last year, 55% and 45% respectively

With a total share of 88%, USD, EUR, and CHF are still the most used currencies

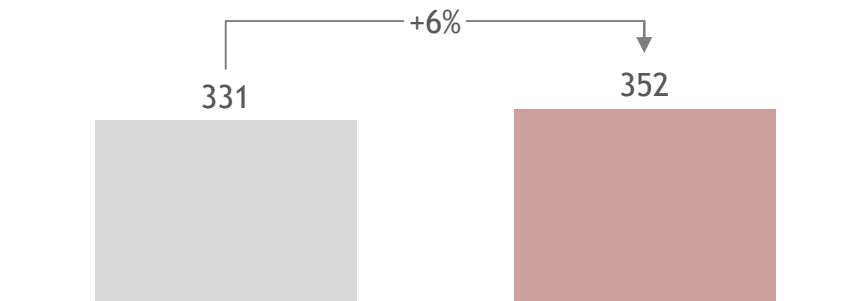
- USD turnover share increased from 37% to 38% in Q4 2019; the EUR share decreased to 33% (Q4 2018: 34%) while CHF reached a share of 17% (prior-year: 13%)
- The main currencies grew their combined share of yearly turnover by 4 percentage points to 88%, USD led with 38%, EUR and CHF held 33% and 16% respectively

Note: Numbers are commercially rounded. Potential changes were applied retroactively to 2018 data. Q4 data for one participating bank estimated.

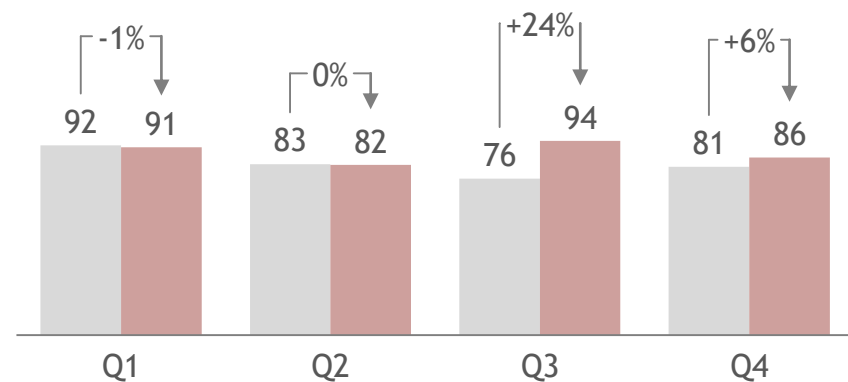
Overall turnover development of structured products in 2018 and 2019

Turnover in respective time frame in CHF bn

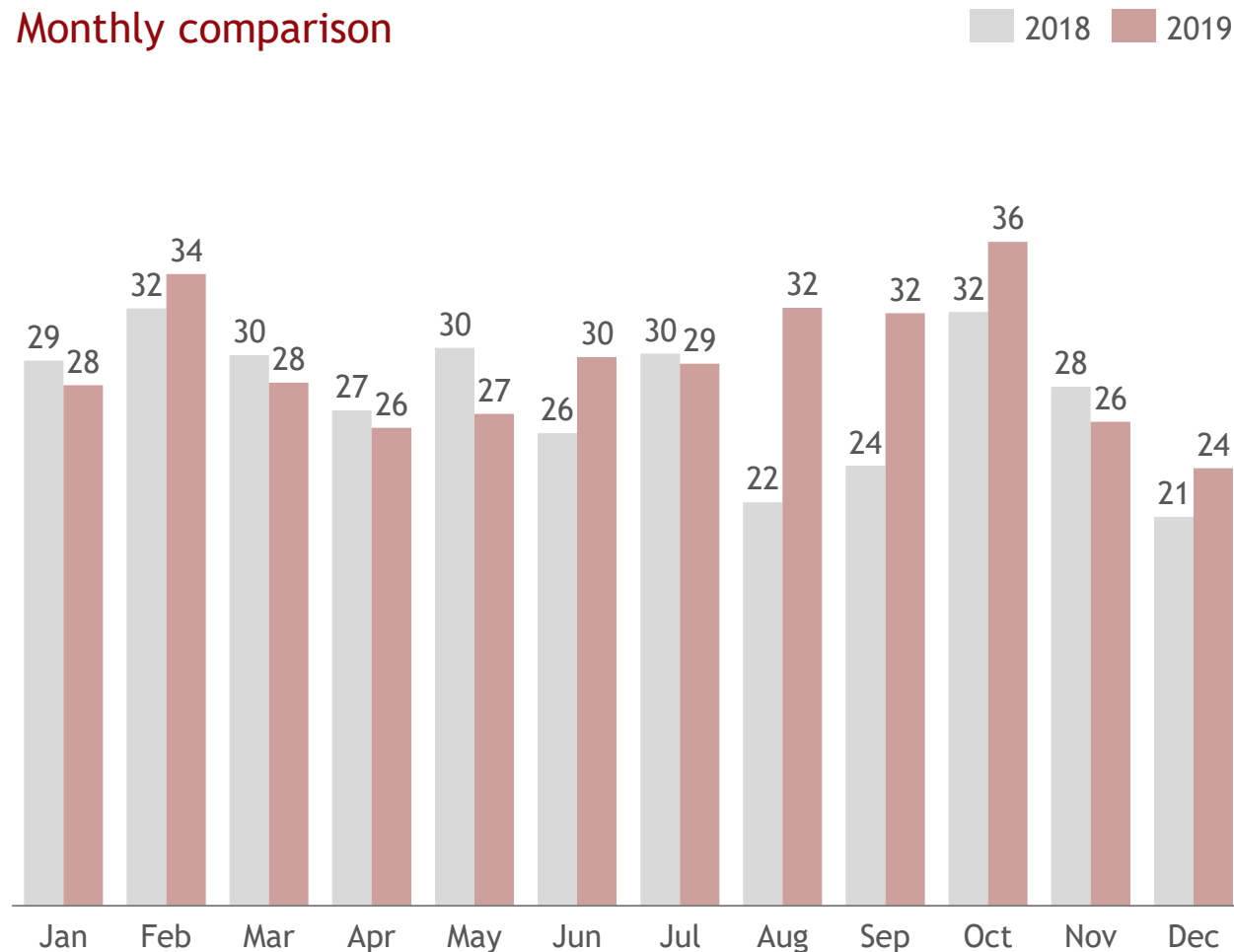
Yearly comparison



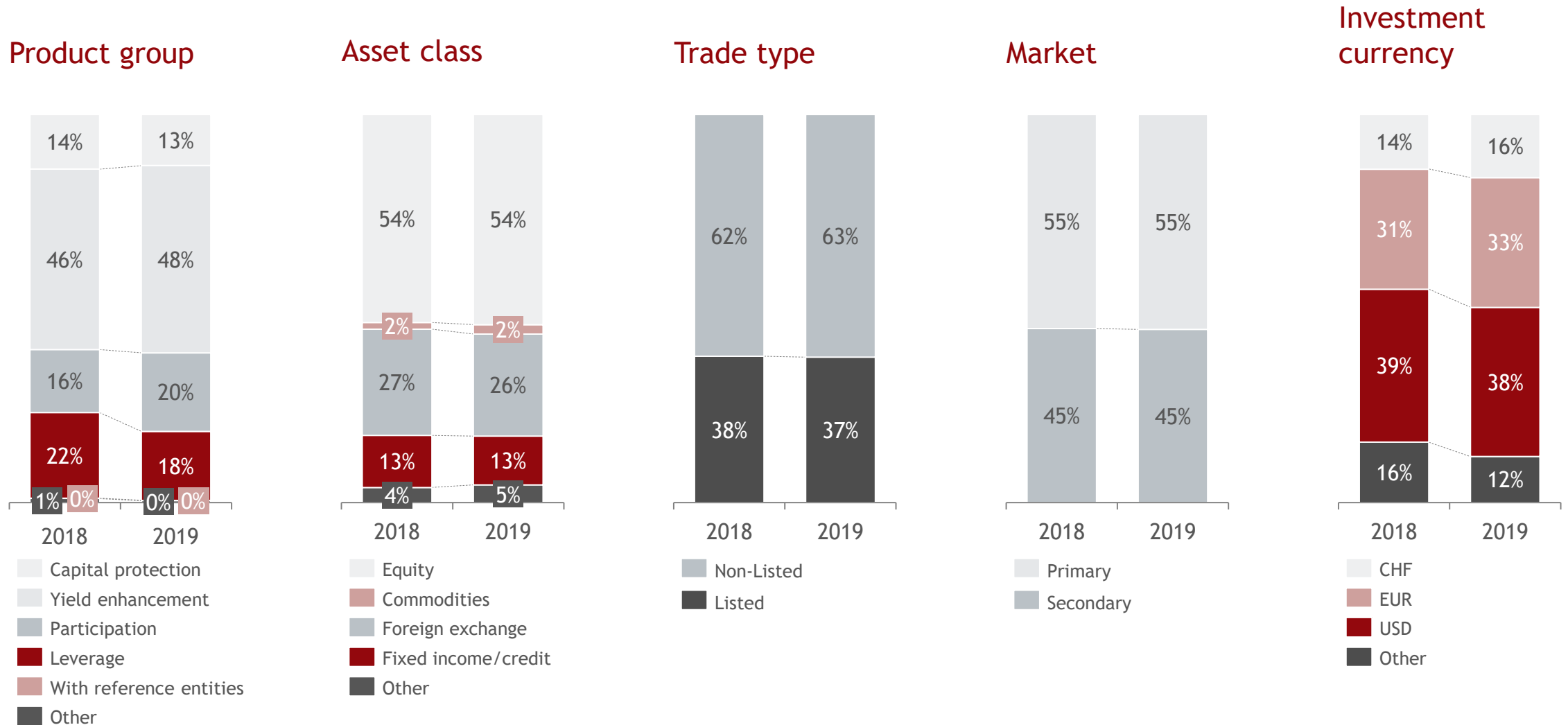
Quarterly comparison



Monthly comparison



Development of turnover breakdown of structured products 2018 and 2019



Source: Data collected monthly from SSPA member institutes

Turnover of structured products split by product group

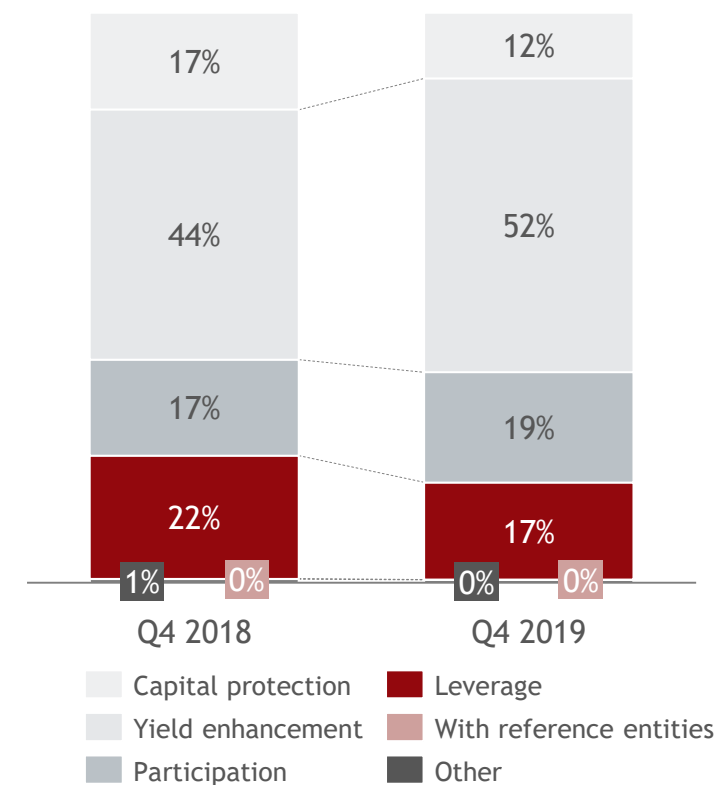
Split by product group

Product group	Q4	Turnover	
		in CHF bn	in %
Capital protection	2018	13.8	17.0%
	2019	9.9	11.5%
Yield enhancement	2018	35.6	43.9%
	2019	44.2	51.6%
Participation	2018	13.7	16.8%
	2019	16.6	19.4%
Leverage	2018	17.5	21.6%
	2019	14.6	17.0%
With reference entities	2018	0.1	0.1%
	2019	0.1	0.1%
Other	2018	0.5	0.6%
	2019	0.4	0.5%
Total	2018	81.3	100.0%
	2019	85.8	100.0%

Transactions

	# in k	in %
Capital protection	5	0.2%
Capital protection	38	1.3%
Yield enhancement	117	3.7%
Yield enhancement	157	5.5%
Participation	94	3.0%
Participation	113	4.0%
Leverage	2,909	93.0%
Leverage	2,522	89.1%
With reference entities	1	0.0%
With reference entities	1	0.0%
Other	1	0.0%
Other	1	0.0%
Total	3,127	100.0%
Total	2,831	100.0%

Quarterly turnover split



Turnover of structured products split by asset class

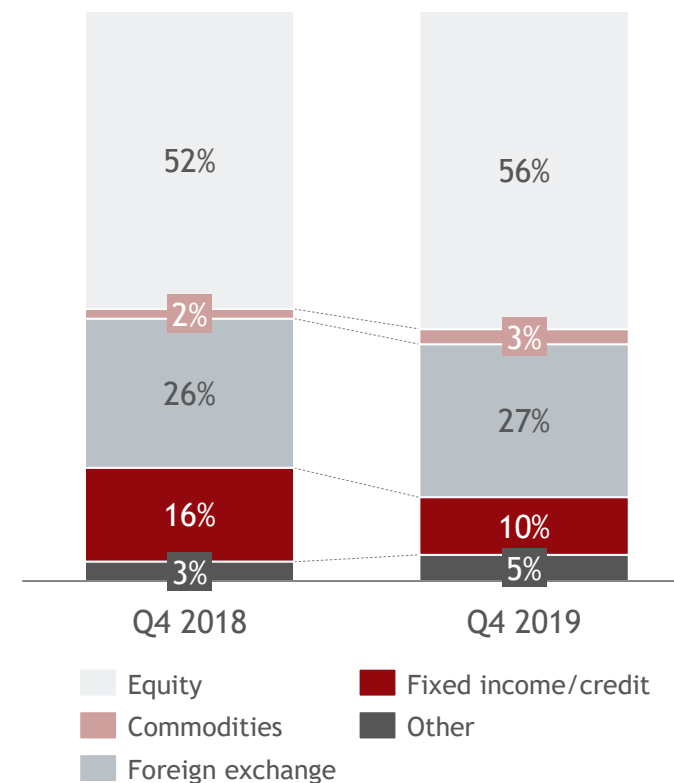
Split by asset class

Asset class	Q4	Turnover	
		in CHF bn	in %
Equity	2018	42.5	52.3%
	2019	47.9	55.8%
Commodity	2018	1.4	1.7%
	2019	2.3	2.7%
Foreign exchange	2018	21.3	26.2%
	2019	23.0	26.8%
Fixed income/credit	2018	13.4	16.5%
	2019	8.7	10.1%
Other	2018	2.8	3.4%
	2019	4.0	4.6%
Total	2018	81.3	100.0%
	2019	85.8	100.0%

Transactions

	# in k	in %
Equity	2,805	89.7%
Equity	2,373	83.8%
Commodity	214	6.8%
Commodity	319	11.3%
Foreign exchange	87	2.8%
Foreign exchange	86	3.0%
Fixed income/credit	13	0.4%
Fixed income/credit	9	0.3%
Other	8	0.2%
Other	44	1.6%
Total	3,127	100.0%
Total	2,831	100.0%

Quarterly turnover split



Turnover of structured products split by trade type and market

Split by trade type and market

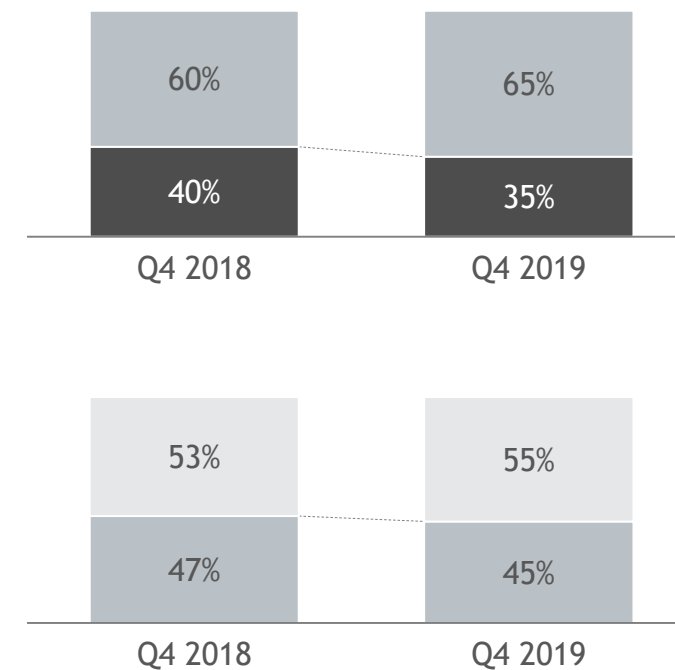
Trade type	Q4	Turnover	
		in CHF bn	in %
Non-listed	2018	48.9	60.2%
	2019	55.4	64.6%
Listed	2018	32.3	39.8%
	2019	30.4	35.4%

Market	Q4	in CHF bn	
		in CHF bn	in %
Primary	2018	42.8	52.7%
	2019	47.2	55.1%
Secondary	2018	38.4	47.3%
	2019	38.5	44.9%
Total	2018	81.3	100.0%
	2019	85.8	100.0%

Transactions	
# in k	in %
402	12.9%
506	17.9%
2,725	87.1%
2,325	82.1%

# in k	in %
54	1.7%
78	2.7%
3,073	98.3%
2,753	97.3%
3,127	100.0%
2,831	100.0%

Quarterly turnover split

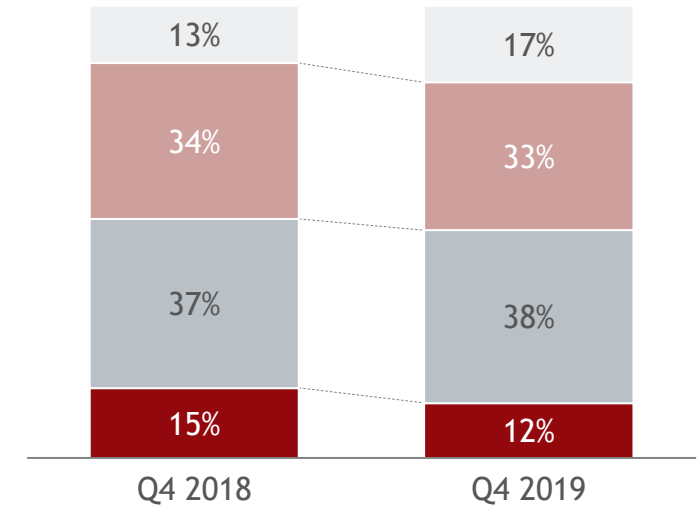


Turnover of structured products split by investment currency

Split by investment currency

Investment currency	Q3	Turnover		Transactions	
		in CHF bn	in %	# in k	in %
CHF	2018	10.3	12.7%	268	8.6%
	2019	14.5	16.9%	262	9.2%
EUR	2018	28.0	34.5%	2,012	64.3%
	2019	28.1	32.7%	1,831	64.7%
USD	2018	30.4	37.4%	68	2.2%
	2019	32.8	38.2%	59	2.1%
Other	2018	12.6	15.4%	779	24.9%
	2019	10.4	12.1%	680	24.0%
Total	2018	81.3	100.0%	3,127	100.0%
	2019	85.8	100.0%	2,831	100.0%

Quarterly turnover split



Data collection methods and definitions

Data collection and verification

Issuers provide data on monthly basis

Requested data points include

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

Data verification

- Selected data points are verified during the data collection process and checked against historical data

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

- Product volume of products newly issued on primary market

Secondary

- Product volume of products traded on secondary markets (e.g. stock exchanges)

Asset class

Equity

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

Commodities

- Goods traded on a commodity exchange

FX

- Foreign exchange

Fixed income/credit

- Asset in which real return rates or periodic income is received at regular intervals

Other

- Any other asset class not covered above

Trade type²

Listed

- Products listed on exchanges

Non-listed

- Products not listed on 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 considered
- Origin of customer (i.e. domestic vs. international) not taken into account
- Third party market transactions are not considered

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

2. Including primary and secondary market

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Issued by

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Data as of December 31, 2019.

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