

# Structured products market report – Q1 2016

Swiss Structured Products Association – SSPA

May 2016

## Executive summary<sup>1</sup>

**Turnover for Swiss structured products of the major SVSP members amounted to CHF 66.2 bn in Q1 2016.**

- Total quarterly turnover is slightly greater than in Q1 2015; growth rate compared to the previous year is 1%

**Product group shares shifted compared to previous year:**

- With approx. 59%, yield enhancement products again accounted for over half of the total turnover in Q1, while leveraged products made up 16% of the total. After a relative decline of almost 50% compared to Q1 2015, participation products now only constitute the third largest portion at 12%, followed by capital protection products at 8%. Other products did not contribute significantly to total turnover
- The growth trend for capital protection products from the previous quarters continued in Q1. Compared to Q1 2015, the capital protection portion grew by approx. 175%
- Although leverage products constituted only 16% of total turnover, they represented again the vast majority (90%) of transactions

**Equity and foreign exchange still dominating the market; visible shift towards foreign exchange und fixed income:**

- The share of equity products in the Swiss market decreased from 53% to 44% since Q1 2015. Nevertheless, equity products still represent the largest portion of total market value, closely followed by foreign exchange products whose share increased from 38% to 43%
- The share of fixed income products grew by 80% compared to Q1 2015 and now makes up 8.5% of the total Swiss market

**Swiss market still mostly defined by non-listed products:**

- Non-listed products constitute about 73% of the market; this corresponds to a further increase of the share of non-listed products compared to Q1 2015 (previous year: 68%)

**Marginal turnover shift from primary to secondary market; at 63.4% the primary market is still predominant:**

- Even though the secondary market represented a smaller share of turnover, it again comprised around 97% of all transactions in Q1 2016

**With a total share of 86%, CHF, EUR and USD are still by far the major currencies used for Swiss structured products:**

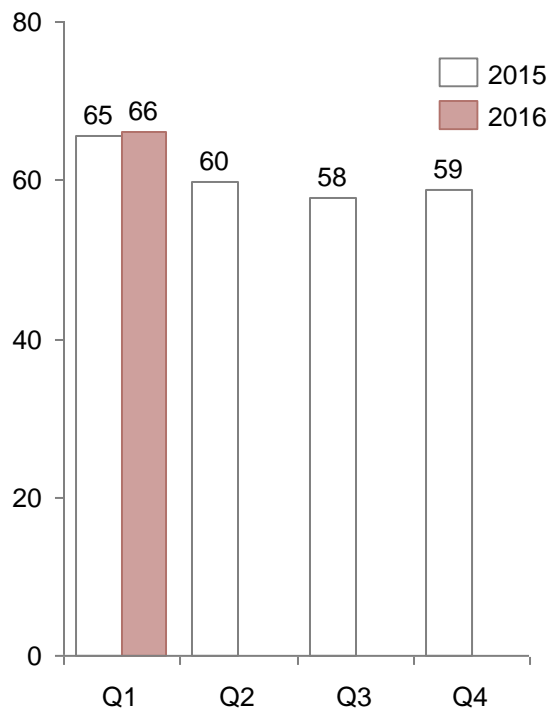
- USD has become the predominant currency at more than 35% market share, whereas EUR and CHF decreased (relative to Q1 2015) to 31% and 19%, respectively

1. Compared to the preceding report, several participating banks were able to improve their data analysis and a further participating bank has been added. These changes were applied retroactively also to the 2015 data, alleviating total turnover for 2015 from 235.1 bn CHF to 241.6 bn CHF. The difference of 6.5 bn CHF does not equal the turnover of the added participating bank.

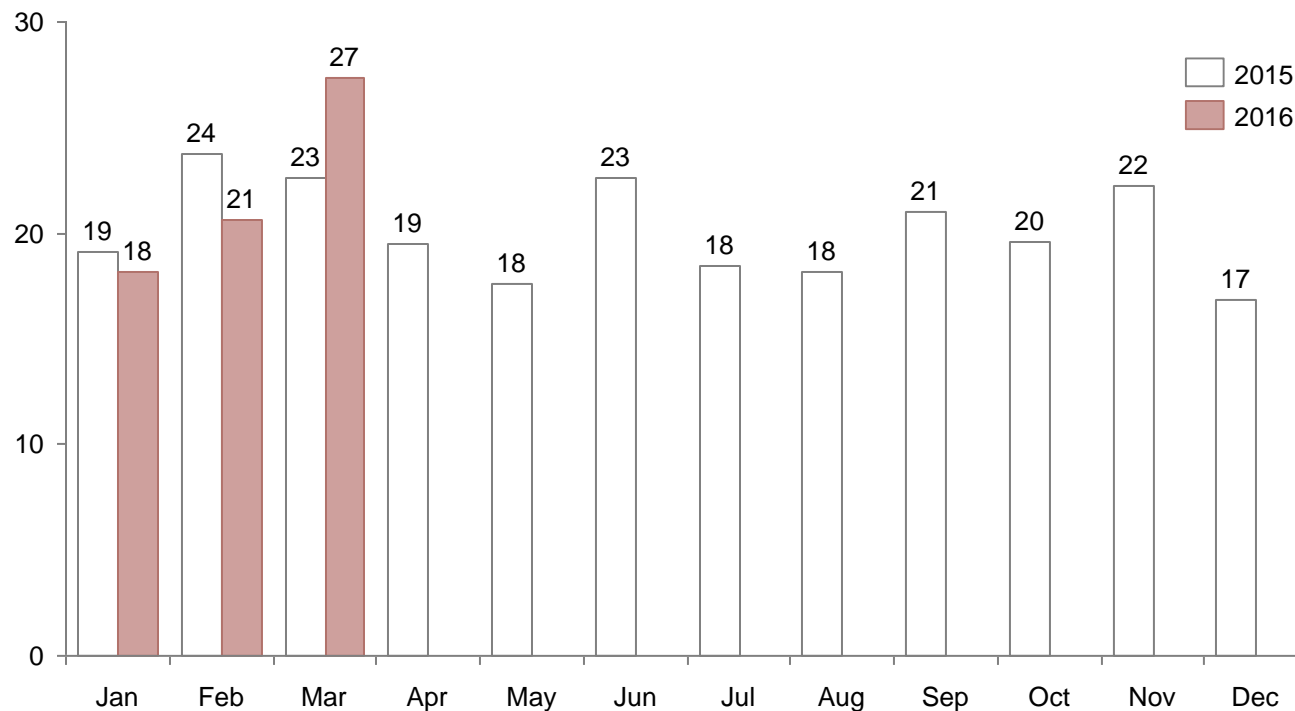
## Overall structured products market development in 2015 und Q1 2016

Turnover in respective timeframe in bn CHF

**Structured products market**



**Monthly market comparison**



**Total Q1 2016: CHF 66.2 bn**

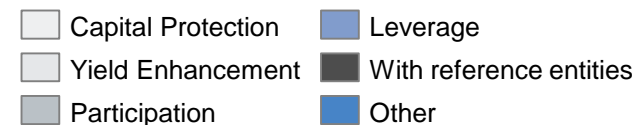
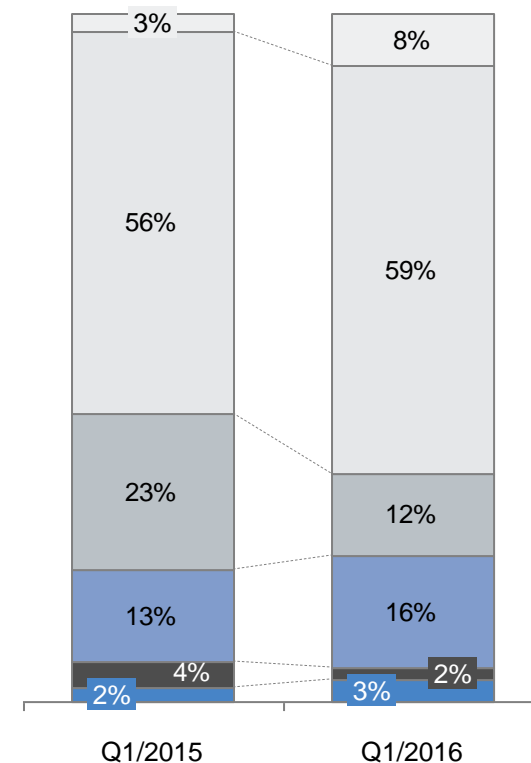
## Turnover of structured products split by product group

Turnover in respective timeframe in bn CHF

### Split by product group

Product group		Turnover		Transactions	
		CHF	in %	#	in %
Capital protection	Q1/2015	1.8	2.8%	5'262	0.5%
	Q1/2016	5.1	7.7%	3'349	0.2%
Yield enhancement	Q1/2015	36.4	55.5%	102'431	9.6%
	Q1/2016	39.2	59.3%	109'119	6.1%
Participation	Q1/2015	14.8	22.6%	61'707	5.8%
	Q1/2016	7.8	11.8%	55'235	3.1%
Leverage	Q1/2015	8.8	13.4%	887'069	83.4%
	Q1/2016	10.8	16.3%	1'621'314	90.4%
With reference entities	Q1/2015	2.3	3.6%	5'064	0.5%
	Q1/2016	1.2	1.8%	2'585	0.1%
Other	Q1/2015	1.4	2.1%	1'674	0.2%
	Q1/2016	2.0	3.1%	1'110	0.1%
Total	Q1/2015	65.5	100.0%	1'063'208	100.0%
	Q1/2016	66.2	100.0%	1'792'711	100.0%

### Turnover split



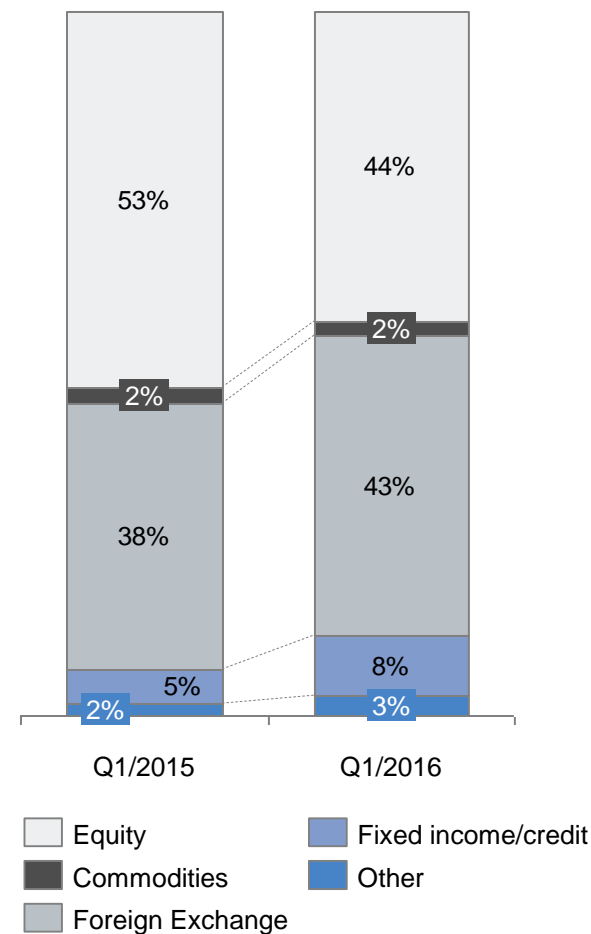
## Turnover of structured products split by asset class

Turnover in respective timeframe in bn CHF

### Split by asset class









Asset class		Turnover		Transactions	
		CHF	in %	#	in %
Equity	Q1/2015	34.9	53.3%	943'145	88.7%
	Q1/2016	29.2	44.1%	1'438'850	80.3%
Commodity	Q1/2015	1.6	2.4%	28'042	2.6%
	Q1/2016	1.2	1.9%	253'986	14.2%
Foreign Exchange	Q1/2015	24.7	37.8%	71'449	6.7%
	Q1/2016	28.2	42.6%	77'282	4.3%
Fixed income/credit	Q1/2015	3.1	4.7%	11'763	1.1%
	Q1/2016	5.6	8.5%	17'509	1.0%
Other	Q1/2015	1.2	1.8%	8'808	0.8%
	Q1/2016	2.0	3.0%	5'084	0.3%
Total	Q1/2015	65.5	100.0%	1'063'208	100.0%
	Q1/2016	66.2	100.0%	1'792'711	100.0%

### Turnover split

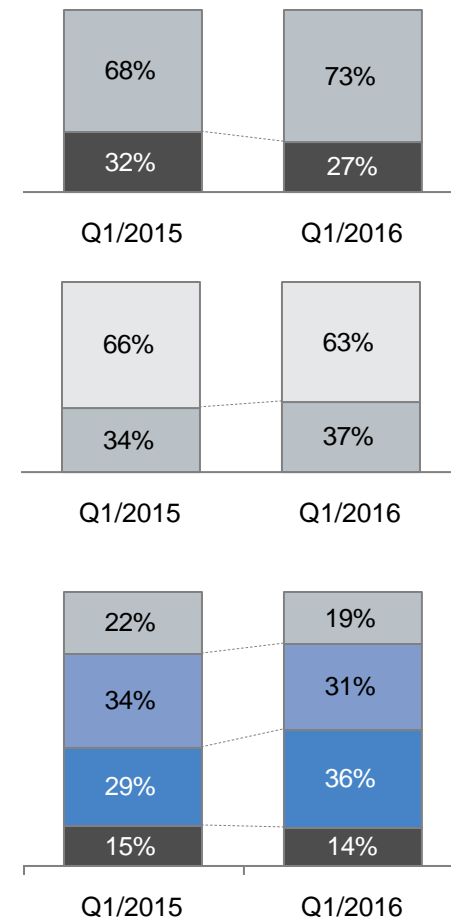


## Turnover of structures products split by trade typ, market & currency

Turnover in respective timeframe in bn CHF

	Turnover in Q1 2016		Transactions in Q1 2016		
	CHF	in %	#	in %	
<b>Trade type</b>	<b>Non-listed</b> 	48.1	72.6%	482'915	26.9%
	<b>Listed</b> 	18.1	27.4%	1'309'796	73.1%
<b>Market</b>	<b>Primary</b> 	42.0	63.4%	58'714	3.3%
	<b>Secondary</b> 	24.2	36.6%	1'733'997	96.7%
<b>Investment Currency</b>	<b>CHF</b> 	12.8	19.3%	335'507	18.7%
	<b>EUR</b> 	20.6	31.1%	1'118'793	62.4%
	<b>USD</b> 	23.6	35.6%	57'875	3.2%
	<b>Other</b> 	9.3	14.1%	280'536	15.6%
	<b>Total</b>	<b>66.2</b>	<b>100.0%</b>	<b>1'792'711</b>	<b>100.0%</b>

Turnover split Q1 2015 & Q1 2016



## Data collection methods and definitions

### Data collection and verification

#### Issuers provide data on 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 groups<sup>1</sup> (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 groups<sup>1</sup> (III/IV)

#### 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 primary market in which the product was engineered in Switzerland

#### Secondary

- Product volume traded on secondary markets (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

#### Commodities

- Goods traded on a commodity exchange

#### FX

- Foreign exchange (incl. structured deposits)

#### 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 type<sup>2</sup>

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

## Disclaimer

### Issued by

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Published quarterly in more detail

### Participating banks

Barclays Capital

Banque Cantonale Vaudoise

Commerzbank

Credit Suisse

Goldman Sachs

Julius Bär

Leonteq

Notenstein La Roche

UBS

Vontobel

Zürcher Kantonalbank

Data as of March 31<sup>st</sup>, 2016.

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