

Structured products market report - Q4 2015

Swiss Structured Products Association – SSPA

February 2016

Executive summary

Turnover for Swiss structured products of the major SSPA members amounting to CHF 235.1 bn in 2015:

- Quarterly exchange turnovers during 2015 were relatively stable at approx. CHF 57.5 bn with Q1 being slightly above average with CHF 62.7 bn
- Monthly turnovers demonstrated a slight cyclicity and stood at an average of CHF 19.6 bn

Product group shares exhibiting small variations throughout the quarters of 2015:

- The turnover shares of product groups were stable during Q1 to Q4
- Yield enhancement occupied over half of the total turnovers with 63% for Q4, while participation made up 17% of the mix. Leverage and capital protection followed at approx. 14% and 4%, respectively. Other products and products with reference entities were practically nil
- Although leverage products made up 14% of the turnover split, they represented almost 89% of all transactions

Asset classes slightly varying, with equity and foreign exchange dominating the market:

- Equity represented the largest portion of the market value at the beginning of the year, making up 54% in Q1 before slowly decreasing to 44% in Q4. On the other hand, FX grew over the year from 39% in Q1 to 47% in Q4, surpassing equity as the largest asset class. The rest of the asset classes were showing small fractions

Swiss market mostly defined by non-listed products:

- Non-listed products stood at approx. 71% of the split
- However, 68% of all transactions in Q4 were listed structured products

The majority of turnovers came from the primary market with 65% in Q4:

- Even if the secondary market represented a smaller share, it comprised of 97% of all transaction in Q4

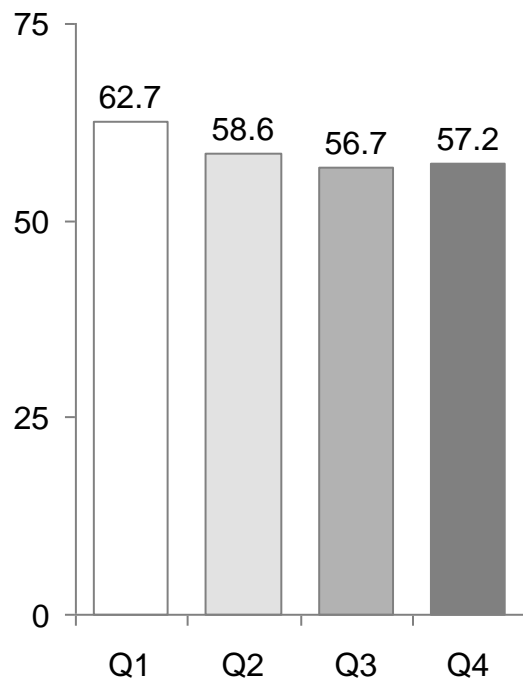
CHF, EUR and USD are by far the major currencies used for Swiss structured products:

- The three currencies made up together approx. 85% of the market value, with USD and EUR representing practically one third each of the market

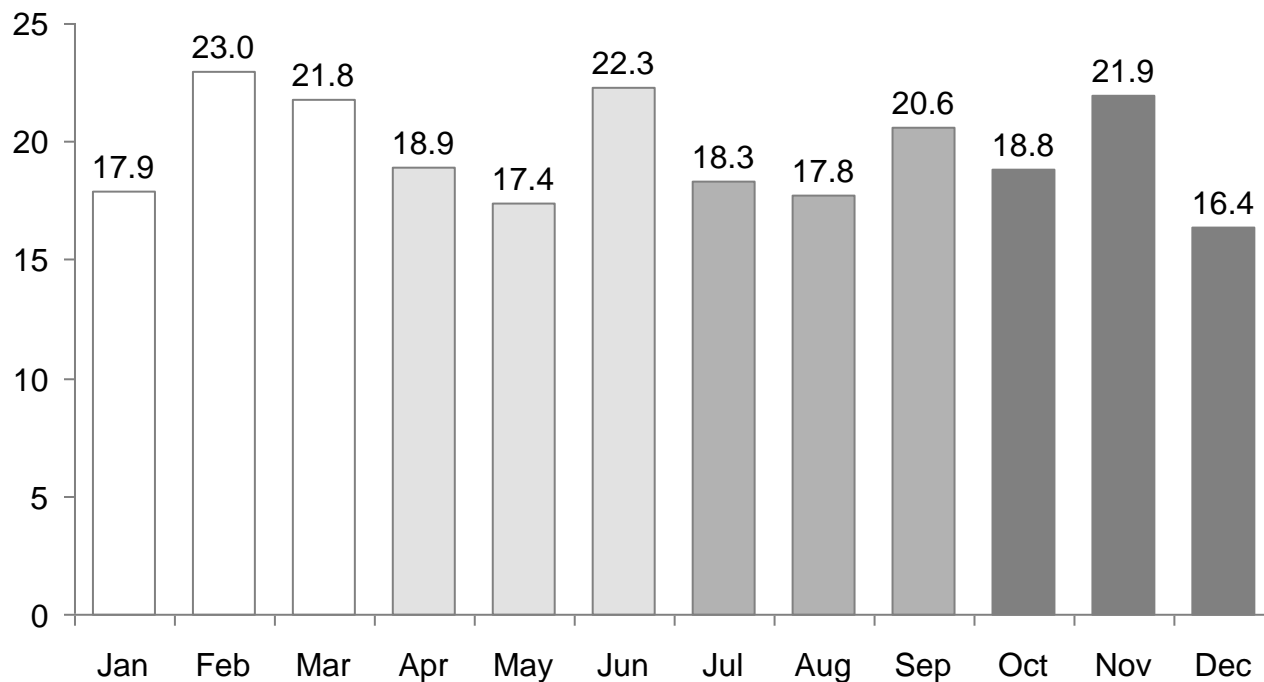
Overall structured market development in Switzerland for 2015

Turnover in respective timeframe in bn CHF

Structured products market



Monthly market comparison



Total 2015: CHF 235.1 bn

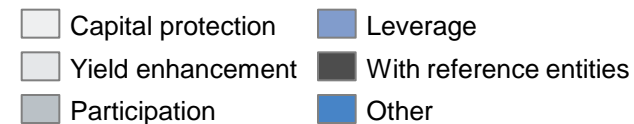
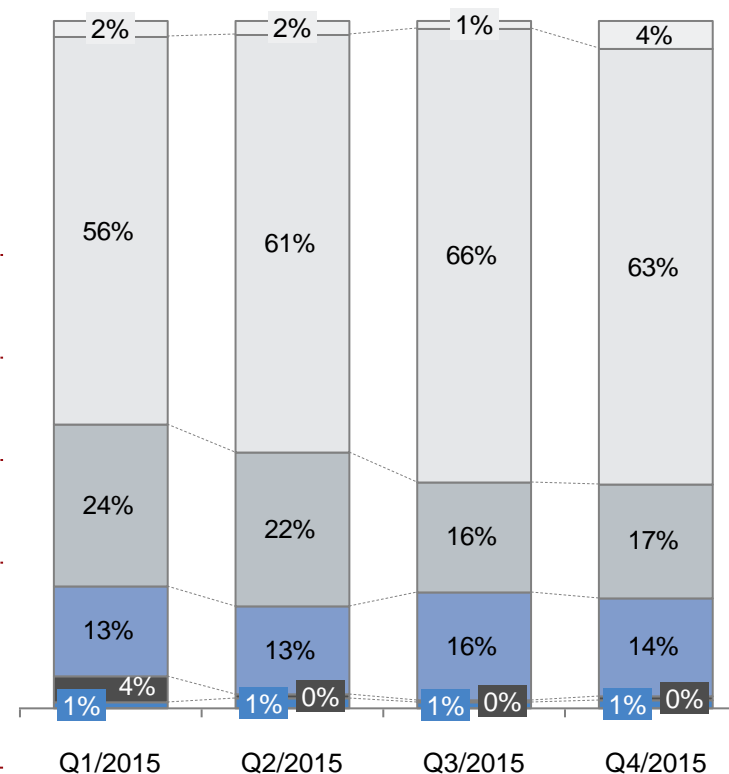
Turnover of structured products split by product group

Turnover in respective timeframe in bn CHF

Split by product group

| Product group | | Turnover | | Transactions | |
|-------------------------|---------|----------|--------|--------------|--------|
| | | CHF | in % | # | in % |
| Capital protection | Q3/2015 | 0.7 | 1.2% | 3'492 | 0.3% |
| | Q4/2015 | 2.3 | 4.1% | 3'461 | 0.2% |
| Yield enhancement | Q3/2015 | 37.4 | 66.0% | 103'342 | 7.9% |
| | Q4/2015 | 36.3 | 63.5% | 104'914 | 7.1% |
| Participation | Q3/2015 | 9.0 | 15.8% | 44'226 | 3.4% |
| | Q4/2015 | 9.4 | 16.5% | 51'507 | 3.5% |
| Leverage | Q3/2015 | 8.9 | 15.8% | 1'152'164 | 88.2% |
| | Q4/2015 | 8.2 | 14.3% | 1'319'378 | 89.0% |
| With reference entities | Q3/2015 | 0.1 | 0.3% | 1'835 | 0.1% |
| | Q4/2015 | 0.2 | 0.4% | 2'407 | 0.2% |
| Other | Q3/2015 | 0.5 | 0.9% | 859 | 0.1% |
| | Q4/2015 | 0.7 | 1.3% | 923 | 0.1% |
| Total | Q3/2015 | 56.7 | 100.0% | 1'305'919 | 100.0% |
| | Q4/2015 | 57.2 | 100.0% | 1'482'593 | 100.0% |

Turnover split



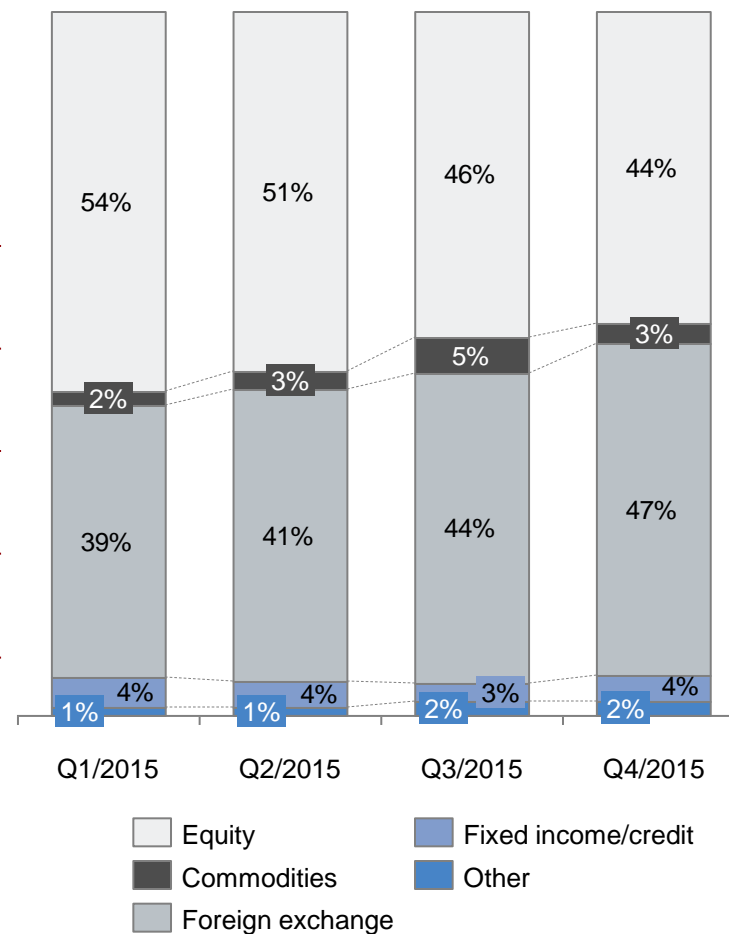
Turnover of structured products split by asset class

Turnover in respective timeframe in bn CHF

Split by asset class

| Asset Class | | Turnover | | Transactions | |
|---------------------|---------|----------|--------|--------------|--------|
| | | CHF | in % | # | in % |
| Equity | Q3/2015 | 26.2 | 46.3% | 1'164'748 | 89.2% |
| | Q4/2015 | 25.3 | 44.3% | 1'277'227 | 86.1% |
| Commodity | Q3/2015 | 2.9 | 5.2% | 71'328 | 5.5% |
| | Q4/2015 | 1.7 | 3.0% | 118'660 | 8.0% |
| Foreign Exchange | Q3/2015 | 24.9 | 44.0% | 56'109 | 4.3% |
| | Q4/2015 | 26.8 | 47.0% | 69'397 | 4.7% |
| Fixed income/credit | Q3/2015 | 1.4 | 2.5% | 8'175 | 0.6% |
| | Q4/2015 | 2.2 | 3.8% | 12'820 | 0.9% |
| Other | Q3/2015 | 1.1 | 1.9% | 5'557 | 0.4% |
| | Q4/2015 | 1.1 | 2.0% | 4'487 | 0.3% |
| Total | Q3/2015 | 56.7 | 100.0% | 1'305'919 | 100.0% |
| | Q4/2015 | 57.2 | 100.0% | 1'482'591 | 100.0% |

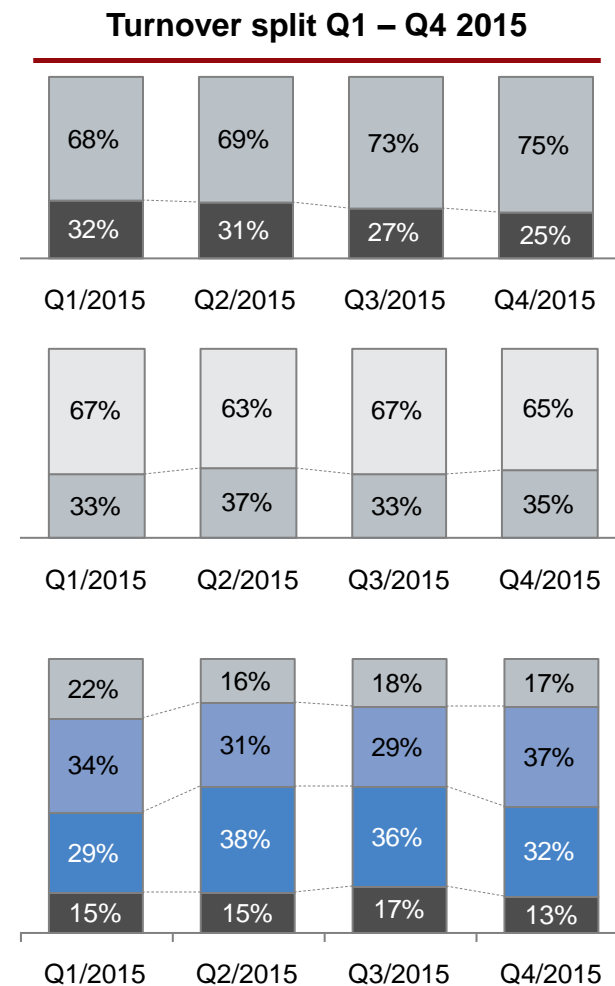
Turnover split



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

Turnover in respective timeframe in bn CHF

| | Turnover in Q4 2015 | | Transactions in Q4 2015 | | |
|----------------------------|---------------------|-------------|-------------------------|------------------|---------------|
| | CHF | in % | # | in % | |
| Trade type | Non-listed | 42.6 | 74.6% | 479'425 | 32.3% |
| | Listed | 14.5 | 25.4% | 1'003'166 | 67.7% |
| Market | Primary | 37.0 | 64.7% | 52'308 | 3.5% |
| | Secondary | 20.2 | 35.3% | 1'430'283 | 96.5% |
| Investment currency | CHF | 9.9 | 17.4% | 259'830 | 17.5% |
| | EUR | 21.1 | 36.9% | 1'034'109 | 69.8% |
| | USD | 18.5 | 32.3% | 41'233 | 2.8% |
| | Other | 7.7 | 13.4% | 147'418 | 9.9% |
| | Total | 57.2 | 100.0% | 1'482'591 | 100.0% |



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 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 (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 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 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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Participating banks

Barclays Capital

Banque Cantonale Vaudoise

Credit Suisse

Goldman Sachs

Julius Bär

Leonteq

Notenstein La Roche

UBS

Vontobel

Zürcher Kantonalbank

Key date is 31st December 2015.

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