

Structured products value creation – Q1 2017

Swiss Structured Products Association – SSPA

April 2017

Executive summary¹

Turnover for Swiss structured products of the major SVSP members amounted to CHF 69.4 bn in Q1 2017:

- Total quarterly turnover is higher than in Q1 2016; growth rate compared to the prior-year quarter is 9.1%

Product group shares shifted compared to previous year:

- With approx. 57%, yield enhancement products again accounted for over half of the total turnover in Q1. After a relative increase of 43% compared to Q1 2016, participation products now constitute the second largest portion at 16%. Leveraged products made up 15% of the total and capital protection products 10%. Other products did not contribute significantly to total turnover
- Compared to Q1 2016, the capital protection portion grew by approx. 36%, which represents an increase of 48% compared to Q4 2016
- Although leverage products constituted only 15% of total turnover, they again represented the vast majority (86%) of transactions

Equity and foreign exchange still dominating the turnover; visible shift towards equity:

- Equity products represent the largest portion of total turnover, growing from 45% to 52% since Q1 2016. Compared to prior year, the share of foreign exchange products decreased from 41% to 34%
- The share of fixed income products grew by 21% compared to Q1 2016 to now 10%

Swiss structured products still mostly defined by non-listed products:

- Non-listed products constitute about 71% of the turnover; this corresponds to a slight decline of the share of non-listed products compared to Q1 2016 (previous year: 72%)

Stable turnover share of predominant primary market of 62%:

- Even though the secondary market represented a smaller share of turnover, it again comprised around 95% of all transactions in Q1 2017

With a total share of 88%, USD, EUR and CHF are still by far the major currencies used:

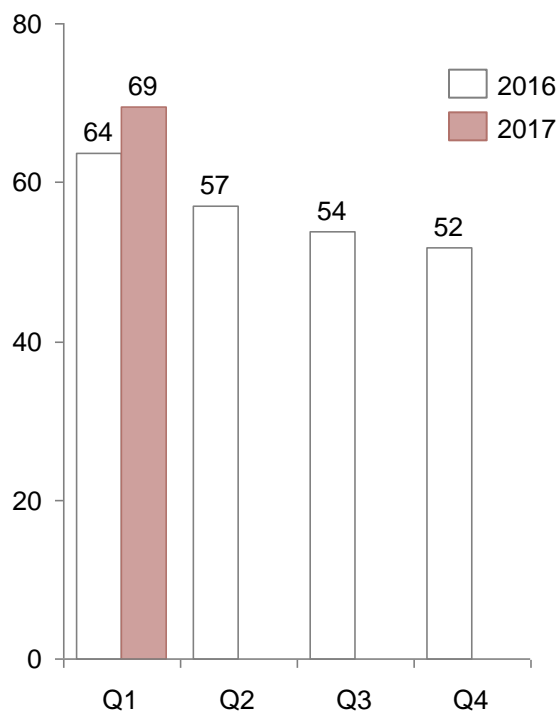
- USD is the predominant currency in Q1 2017 with a share of 40% (prior year: 35%). The shares of EUR and CHF are decreasing to 29% and 19%, respectively

1. Numbers are commercially rounded. Compared to the preceding report, several participating banks were able to improve their data analysis. These changes were applied retroactively also to the 2016 data.

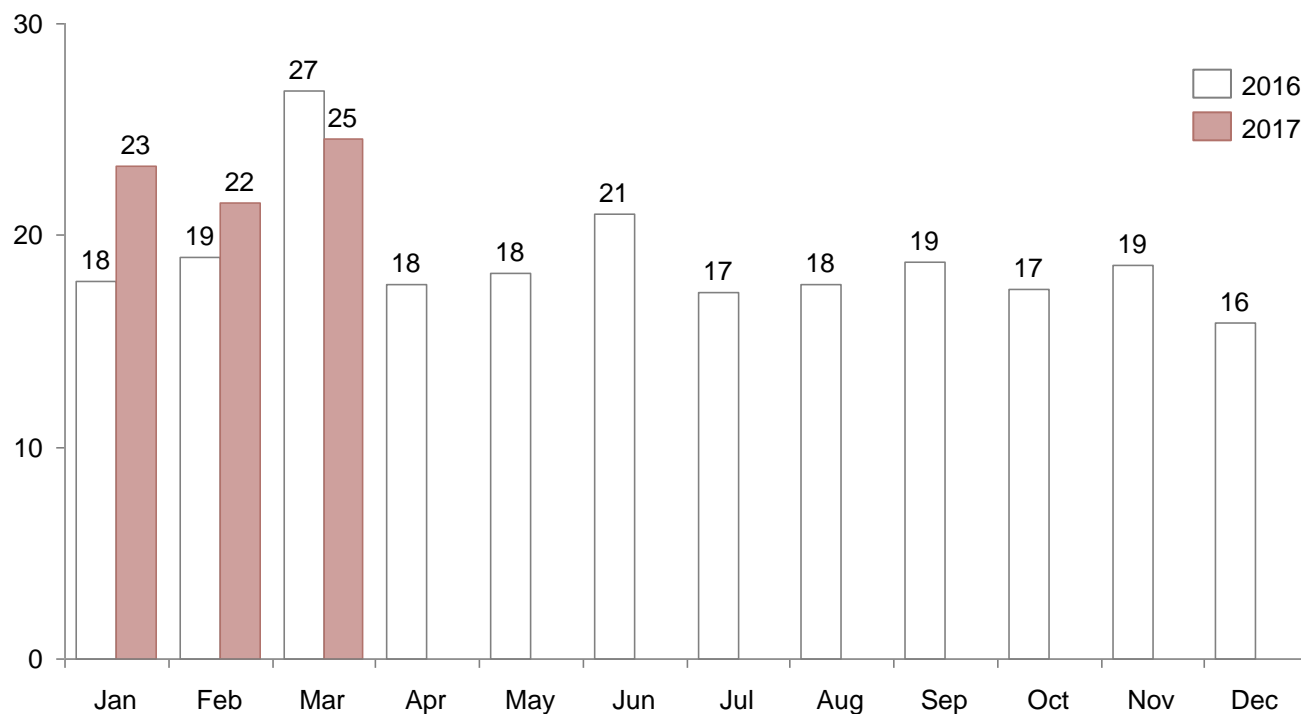
Overall turnover development of structured products in Q1 2017

Turnover in respective timeframe in bn CHF

Quarterly comparison



Monthly comparison



Total Q1 2017: CHF 69.4 bn

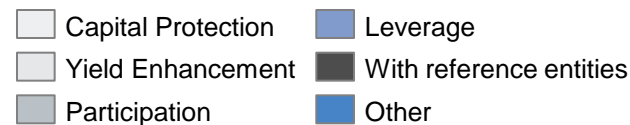
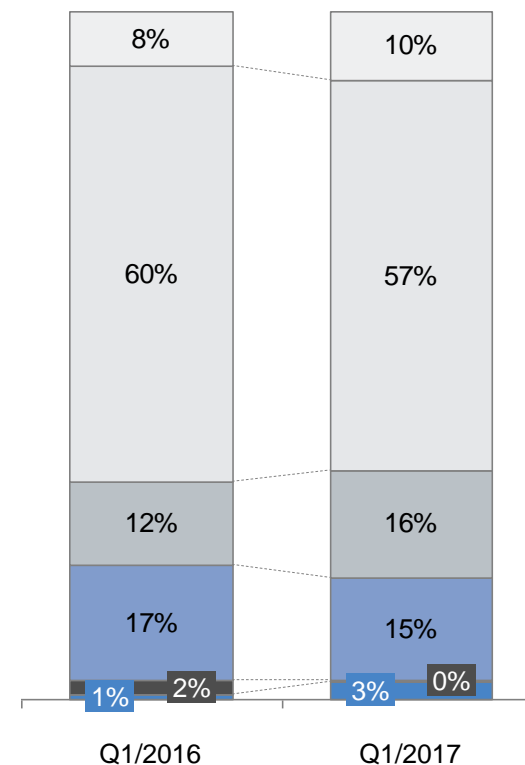
Turnover of structured products split by product group

Turnover in respective timeframe in bn CHF

Split by product group

Product group		Turnover		Transactions	
		CHF	in %	#	in %
Capital protection	Q1/2016	5.1	8.0%	3'361	0.2%
	Q1/2017	6.9	10.0%	21'220	1.2%
Yield enhancement	Q1/2016	38.5	60.4%	109'786	6.1%
	Q1/2017	39.4	56.8%	141'696	8.3%
Participation	Q1/2016	7.6	12.0%	54'762	3.1%
	Q1/2017	10.9	15.7%	70'671	4.2%
Leverage	Q1/2016	10.8	17.0%	1'621'630	90.4%
	Q1/2017	10.2	14.7%	1'458'630	85.9%
With reference entities	Q1/2016	1.2	1.9%	2'727	0.2%
	Q1/2017	0.1	0.2%	1'970	0.1%
Other	Q1/2016	0.5	0.8%	873	0.0%
	Q1/2017	1.8	2.6%	3'713	0.2%
Total	Q1/2016	63.7	100.0%	1'793'138	100.0%
	Q1/2017	69.4	100.0%	1'697'901	100.0%

Turnover split



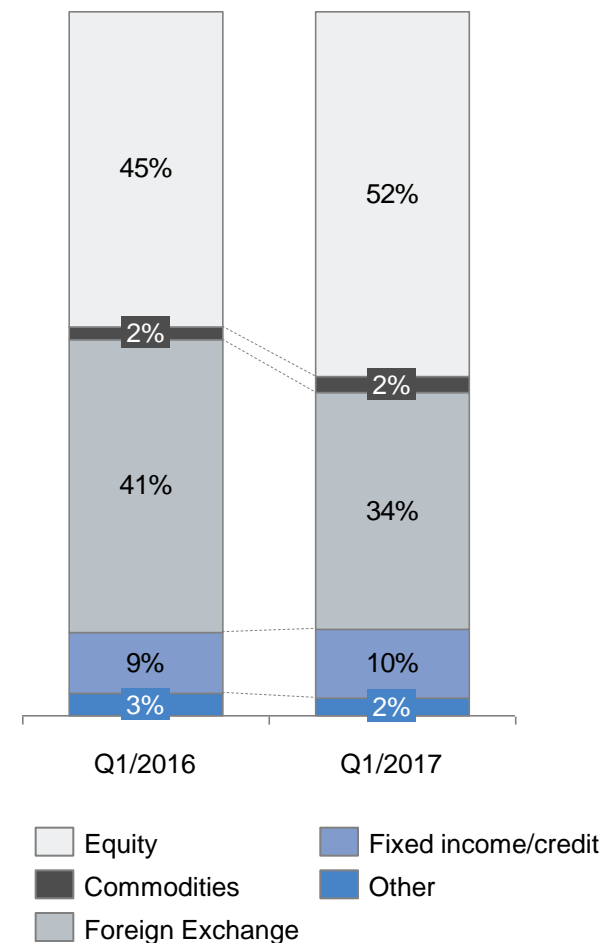
Turnover of structured products split by asset class

Turnover in respective timeframe in bn CHF

Split by asset class

Asset class		Turnover		Transactions	
		CHF	in %	#	in %
Equity	Q1/2016	28.5	44.7%	1'437'523	80.2%
	Q1/2017	35.9	51.7%	1'332'723	78.5%
Commodity	Q1/2016	1.2	2.0%	253'984	14.2%
	Q1/2017	1.6	2.3%	274'189	16.1%
Foreign Exchange	Q1/2016	26.4	41.5%	79'242	4.4%
	Q1/2017	23.4	33.7%	66'925	3.9%
Fixed income/credit	Q1/2016	5.6	8.8%	17'511	1.0%
	Q1/2017	6.8	9.8%	17'076	1.0%
Other	Q1/2016	2.0	3.1%	4'878	0.3%
	Q1/2017	1.7	2.4%	6'988	0.4%
Total	Q1/2016	63.7	100.0%	1'793'138	100.0%
	Q1/2017	69.4	100.0%	1'697'901	100.0%

Turnover split

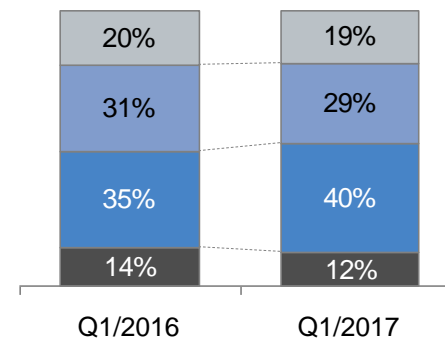
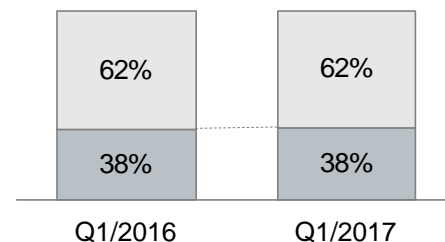
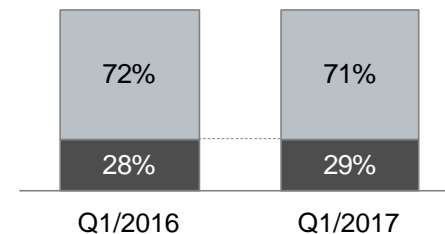


Turnover of structures products split by trade typ, market & currency

Turnover in respective timeframe in bn CHF

	Turnover in Q1 2017		Transactions in Q1 2017		
	CHF	in %	#	in %	
Trade type	Non-listed	49.5	71.3%	277'099	16.3%
	Listed	19.9	28.7%	1'420'802	83.7%
Market	Primary	42.8	61.7%	77'033	4.5%
	Secondary	26.6	38.3%	1'620'868	95.5%
Investment Currency	CHF	13.2	19.0%	299'729	17.7%
	EUR	20.3	29.2%	1'010'417	59.5%
	USD	27.5	39.6%	124'544	7.3%
	Other	8.5	12.2%	263'212	15.5%
	Total	69.4	100.0%	1'697'901	100.0%

Turnover split Q1 2016 & Q1 2017



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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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 31st, 2017.

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