

# Structured products value creation – Q2 2016

Swiss Structured Products Association – SSPA

July 2016

## Executive summary

**Turnover for Swiss structured products of the major SVSP members amounted to CHF 58.9bn in Q2 2016.**

- Total quarterly turnover is slightly lower than in Q2 2015; growth rate compared to the previous year is -1.3%

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

- With approx. 64%, yield enhancement products again accounted for over half of the total turnover in Q2, while leveraged products made up 16% of the total. After a relative decline of 35% compared to Q2 2015, participation products now constitute the third largest portion at 14%. Other products did not contribute significantly to total turnover
- Compared to Q2 2015, the capital protection portion grew by approx. 26%, however declining compared to Q1 2016 (7.7%)
- Although leverage products constituted only 16% of total turnover, they again represented the vast majority (89%) of transactions

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

- Foreign exchange products now represent the largest portion of total market value after increasing from 41% to 46% since Q2 2015. Compared to prior year, the share of equity products in the Swiss market decreased from 51% to 43%
- The share of fixed income products grew by 45% compared to Q2 2015 to now 5.8%

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

- Non-listed products constitute about 74% of the market; this corresponds to a further increase of the share of non-listed products compared to Q2 2015 (previous year: 69%)

**Marginal increase of turnover share of predominant primary market to 67%:**

- Even though the secondary market represented a smaller share of turnover, it again comprised around 96% of all transactions in Q2 2016

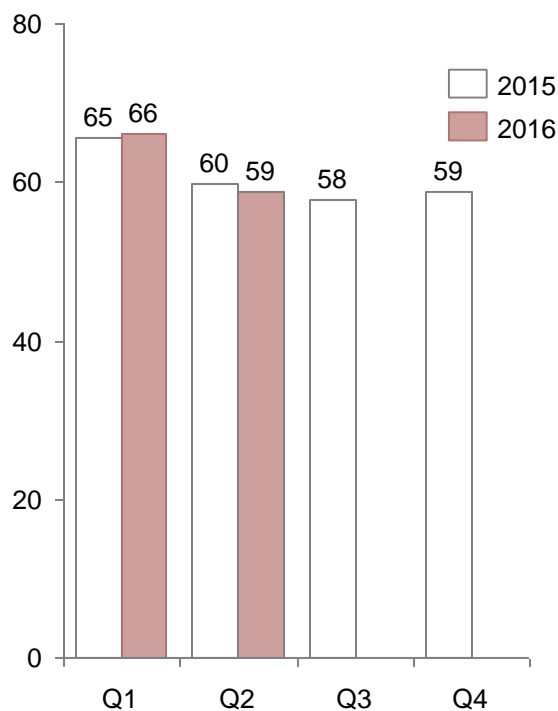
**With a total share of 83%, CHF, EUR and USD are still by far the major currencies used for Swiss structured products:**

- USD continues to be the predominant currency although slightly decreasing to 37% since Q2 2015, whereas EUR increased (relative to Q2 2015) to 33% and CHF remains stable at 17%

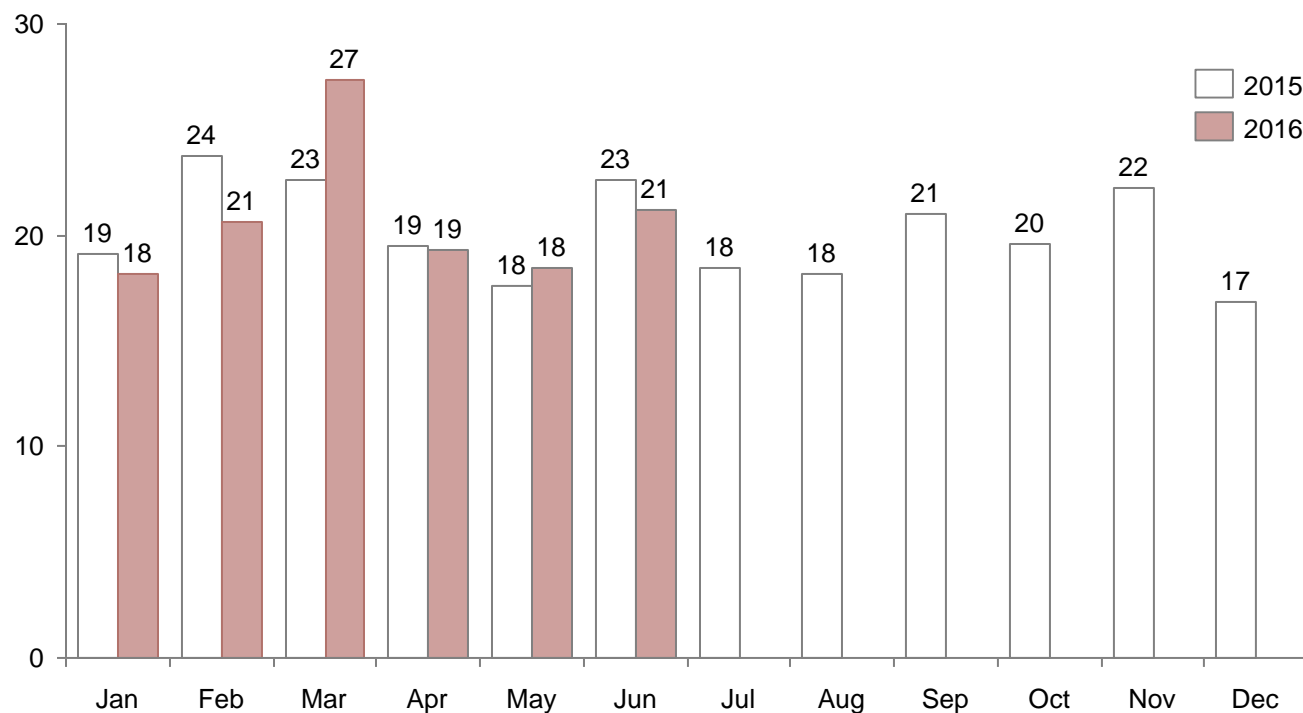
## Overall turnover development of structured products in Q2 2016

Turnover in respective timeframe in bn CHF

Quarterly comparison



Monthly comparison



**Total Q2 2016: CHF 58.9 bn**

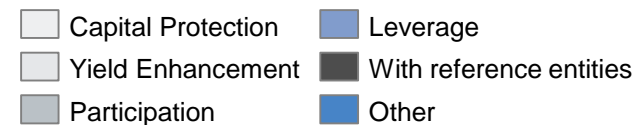
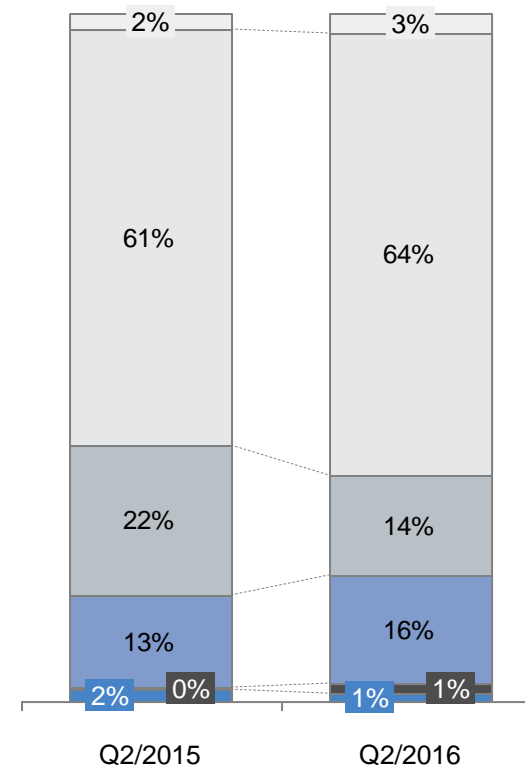
## Turnover of structured products split by product group

Turnover in respective timeframe in bn CHF

### Split by product group

| Product group           |         | Turnover |        | Transactions |        |
|-------------------------|---------|----------|--------|--------------|--------|
|                         |         | CHF      | in %   | #            | in %   |
| Capital protection      | Q2/2015 | 1.4      | 2.3%   | 6'315        | 0.6%   |
|                         | Q2/2016 | 1.8      | 3.0%   | 2'599        | 0.2%   |
| Yield enhancement       | Q2/2015 | 36.1     | 60.6%  | 101'537      | 10.3%  |
|                         | Q2/2016 | 37.9     | 64.2%  | 111'123      | 7.5%   |
| Participation           | Q2/2015 | 13.0     | 21.7%  | 48'649       | 4.9%   |
|                         | Q2/2016 | 8.5      | 14.4%  | 53'551       | 3.6%   |
| Leverage                | Q2/2015 | 7.9      | 13.2%  | 828'188      | 83.6%  |
|                         | Q2/2016 | 9.4      | 15.9%  | 1'314'023    | 88.5%  |
| With reference entities | Q2/2015 | 0.3      | 0.4%   | 3'695        | 0.4%   |
|                         | Q2/2016 | 0.8      | 1.4%   | 2'144        | 0.1%   |
| Other                   | Q2/2015 | 1.0      | 1.7%   | 2'060        | 0.2%   |
|                         | Q2/2016 | 0.6      | 1.1%   | 981          | 0.1%   |
| Total                   | Q2/2015 | 59.7     | 100.0% | 990'444      | 100.0% |
|                         | Q2/2016 | 58.9     | 100.0% | 1'484'421    | 100.0% |

### Turnover split



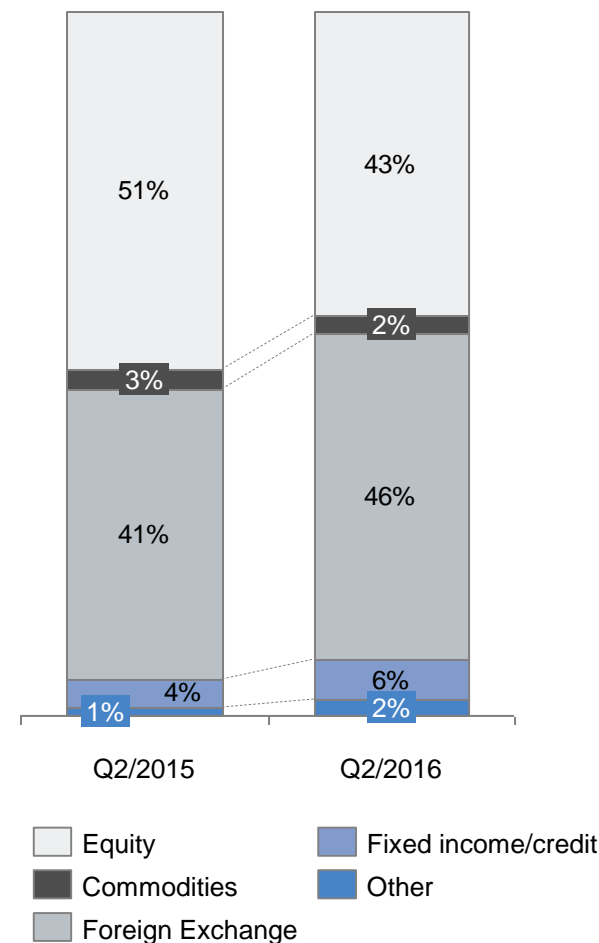
## Turnover of structured products split by asset class

Turnover in respective timeframe in bn CHF

### Split by asset class









| Asset class          |         | Turnover |        | Transactions |        |
|----------------------|---------|----------|--------|--------------|--------|
|                      |         | CHF      | in %   | #            | in %   |
| Equity               | Q2/2015 | 30.4     | 50.9%  | 874'257      | 88.3%  |
|                      | Q2/2016 | 25.5     | 43.3%  | 1'149'901    | 77.5%  |
| Commodity            | Q2/2015 | 1.6      | 2.7%   | 34'136       | 3.4%   |
|                      | Q2/2016 | 1.4      | 2.3%   | 237'496      | 16.0%  |
| Foreign Exchange     | Q2/2015 | 24.7     | 41.3%  | 62'537       | 6.3%   |
|                      | Q2/2016 | 27.3     | 46.3%  | 80'390       | 5.4%   |
| Fixed income/ credit | Q2/2015 | 2.3      | 3.9%   | 10'116       | 1.0%   |
|                      | Q2/2016 | 3.4      | 5.8%   | 11'567       | 0.8%   |
| Other                | Q2/2015 | 0.7      | 1.2%   | 9'399        | 0.9%   |
|                      | Q2/2016 | 1.4      | 2.3%   | 5'067        | 0.3%   |
| Total                | Q2/2015 | 59.7     | 100.0% | 990'444      | 100.0% |
|                      | Q2/2016 | 58.9     | 100.0% | 1'484'421    | 100.0% |

### Turnover split

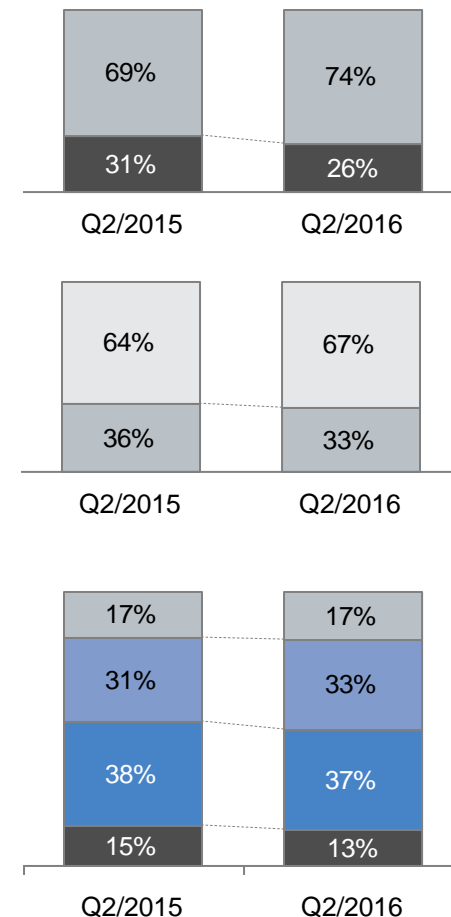


## Turnover of structures products split by trade typ, market & currency

Turnover in respective timeframe in bn CHF

|                                | Turnover<br>in Q2 2016  |             | Transactions<br>in Q2 2016 |                  |               |
|--------------------------------|---|-------------|----------------------------|------------------|---------------|
|                                | CHF   | in %        | #                          | in %             |               |
| <b>Trade type</b>              | <b>Non-listed</b>  | 43.6        | 74.1%                      | 324'301          | 21.8%         |
|                                | <b>Listed</b>      | 15.3        | 25.9%                      | 1'160'120        | 78.2%         |
| <b>Market</b>                  | <b>Primary</b>     | 39.4        | 66.8%                      | 64'590           | 4.4%          |
|                                | <b>Secondary</b>   | 19.6        | 33.2%                      | 1'419'832        | 95.6%         |
| <b>Investment<br/>Currency</b> | <b>CHF</b>        | 10.2        | 17.3%                      | 223'706          | 15.1%         |
|                                | <b>EUR</b>       | 19.4        | 32.9%                      | 962'137          | 64.8%         |
|                                | <b>USD</b>       | 21.7        | 36.9%                      | 42'170           | 2.8%          |
|                                | <b>Other</b>     | 7.6         | 12.9%                      | 256'408          | 17.3%         |
|                                | <b>Total</b>  | <b>58.9</b> | <b>100.0%</b>              | <b>1'484'421</b> | <b>100.0%</b> |

Turnover split Q2 2015 & Q2 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

#### Swiss Structured Products Association SSPA

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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 June 30<sup>st</sup> , 2016.

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