

Structured products value creation – Q2 2017

Swiss Structured Products Association – SSPA

July 2017

Executive summary¹

Turnover for Swiss structured products of the major SVSP members amounted to CHF 70.7 bn in Q2 2017:

- Total quarterly turnover is higher than in Q2 2016; growth rate compared with prior-year quarter is 24.1%
- Over the entire first half-year 2017, growth amounted to 16.2% compared with first half-year 2016

Product group shares shifted compared to previous year:

- With approx. 58%, yield enhancement products again accounted for over half of the total turnover in Q2. Participation products constitute the second largest portion at 14.5% and leveraged products made up 14.2% of the total
- Capital protection products made up 11% in Q2 2017, a relative growth of 355% with respect to prior-year quarter. The market share of 3.1% in Q2 2016 constituted the lowest point in 2016. Compared to Q1 2016, growth slowed down to 57% and relative to previous quarter Q1 2017, growth was at 15%
- Although leverage products constituted only 14% of total turnover, they again represented the vast majority (86%) of transactions

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

- Equity products represent the largest portion of total turnover, growing from 45% to 49% since Q2 2016. Compared to prior year, the share of foreign exchange products decreased from 45% to 34%
- The share of fixed income products grew by 158% compared to Q2 2016 to now 12%

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

- Non-listed products constitute about 71% of the turnover; this corresponds to a decline of the share of non-listed products compared to Q2 2016 (previous year: 73%)

Again stable turnover share of predominant primary market compared with secondary market:

- Even though the primary market represented a stable and larger share of turnover (66%), the secondary market again comprised around 95% of all transactions in Q2 2017

With a total share of 89%, USD, EUR and CHF are still by far the major currencies used:

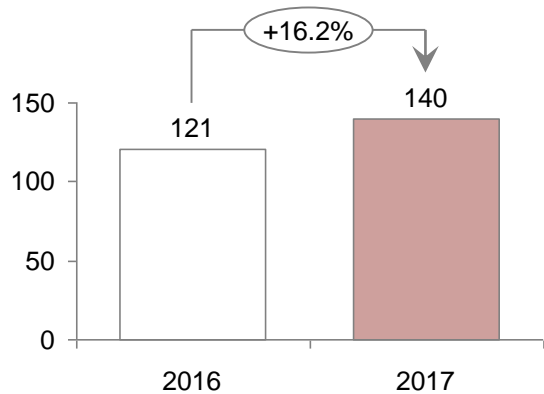
- USD is the predominant currency in Q2 2017 with a share of 42% (prior year: 36%). The share of EUR is decreasing to 29% and CHF remains stable at 18%

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.

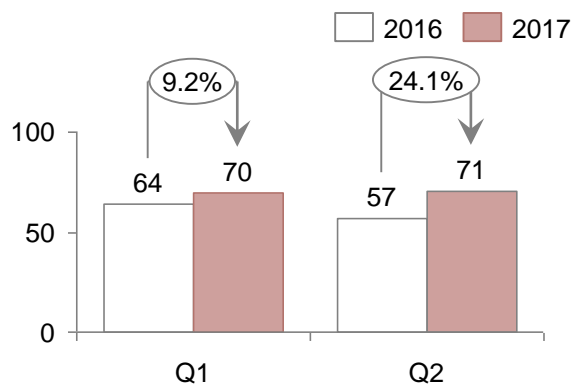
Overall turnover development of structured products in 2016 and 2017

Turnover in respective timeframe in bn CHF

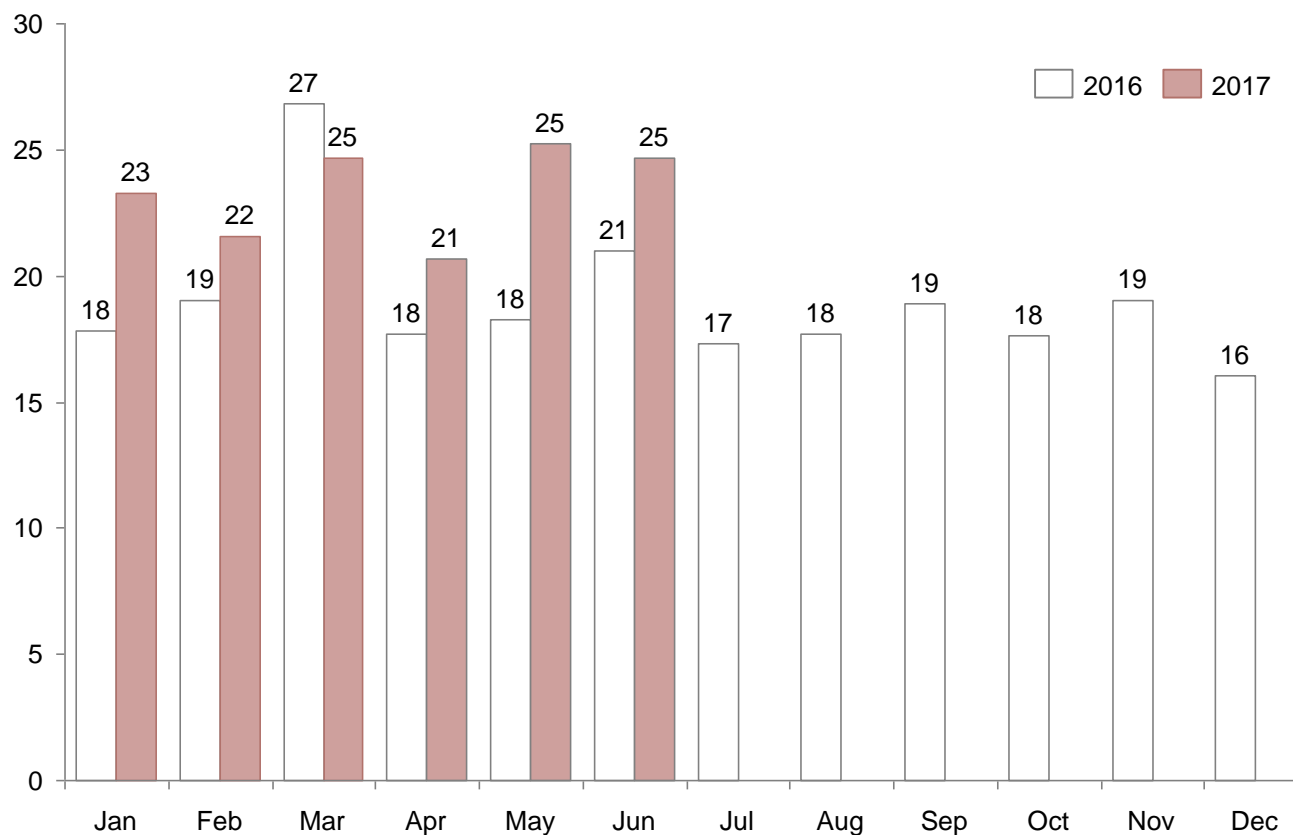
Half-year comparison



Quarterly comparison



Monthly comparison



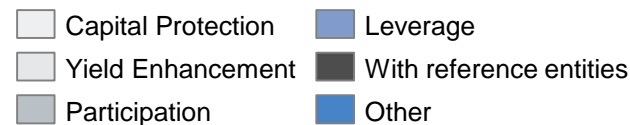
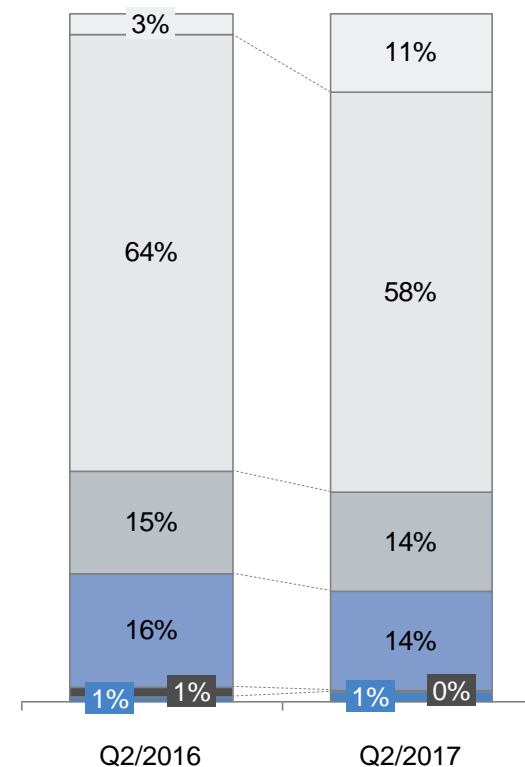
Turnover of structured products split by product group

Turnover in respective timeframe in bn CHF

Split by product group

Product group		Turnover		Transactions	
		CHF	in %	#	in %
Capital protection	Q2/2016	1.8	3.1%	2'649	0.2%
	Q2/2017	8.0	11.3%	4'798	0.3%
Yield enhancement	Q2/2016	36.2	63.5%	112'006	7.5%
	Q2/2017	41.1	58.2%	128'770	8.7%
Participation	Q2/2016	8.5	14.9%	54'296	3.7%
	Q2/2017	10.2	14.5%	68'284	4.6%
Leverage	Q2/2016	9.3	16.4%	1'313'986	88.4%
	Q2/2017	10.1	14.2%	1'275'026	86.2%
With reference entities	Q2/2016	0.8	1.4%	2'148	0.1%
	Q2/2017	0.3	0.4%	1'771	0.1%
Other	Q2/2016	0.4	0.7%	881	0.1%
	Q2/2017	1.0	1.4%	1'308	0.1%
Total	Q2/2016	57.0	100.0%	1'485'966	100.0%
	Q2/2017	70.7	100.0%	1'479'957	100.0%

Turnover split



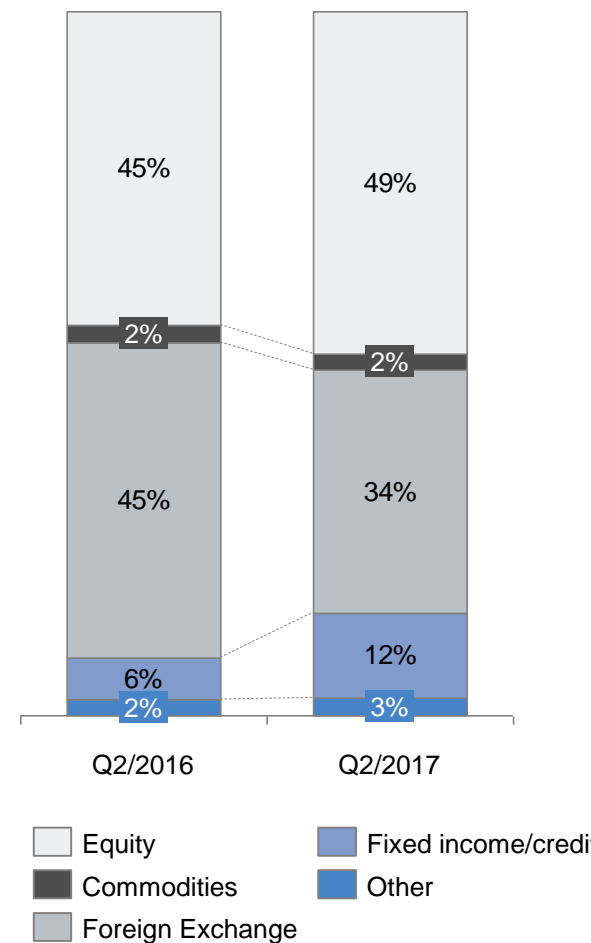
Turnover of structured products split by asset class

Turnover in respective timeframe in bn CHF

Split by asset class









Asset class		Turnover		Transactions	
		CHF	in %	#	in %
Equity	Q2/2016	25.4	44.6%	1'151'107	77.5%
	Q2/2017	34.4	48.7%	1'182'343	79.9%
Commodity	Q2/2016	1.4	2.4%	237'496	16.0%
	Q2/2017	1.6	2.3%	215'334	14.6%
Foreign Exchange	Q2/2016	25.6	44.9%	80'870	5.4%
	Q2/2017	24.3	34.4%	58'481	4.0%
Fixed income/credit	Q2/2016	3.3	5.7%	11'618	0.8%
	Q2/2017	8.4	11.9%	10'627	0.7%
Other	Q2/2016	1.4	2.4%	4'876	0.3%
	Q2/2017	1.8	2.6%	13'173	0.9%
Total	Q2/2016	57.0	100.0%	1'485'966	100.0%
	Q2/2017	70.7	100.0%	1'479'957	100.0%

Turnover split

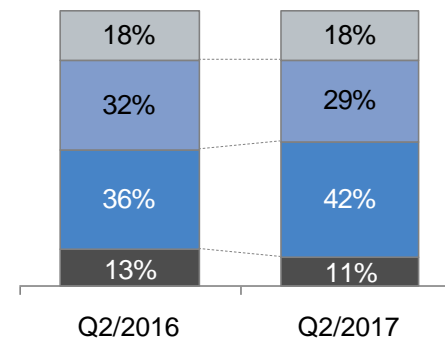
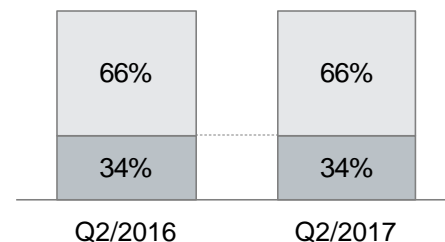
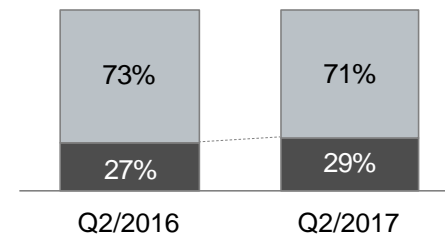


Turnover of structures products split by trade typ, market & currency

Turnover in respective timeframe in bn CHF

	Turnover in Q2 2017		Transactions in Q2 2017		
	CHF	in %	#	in %	
Trade type	Non-listed 	50.0	70.8%	182'978	12.4%
	Listed 	20.6	29.2%	1'296'979	87.6%
Market	Primary 	46.9	66.4%	72'771	4.9%
	Secondary 	23.8	33.6%	1'407'186	95.1%
Investment Currency	CHF 	12.9	18.3%	243'473	16.5%
	EUR 	20.8	29.4%	981'082	66.3%
	USD 	29.5	41.7%	68'041	4.6%
	Other 	7.5	10.7%	187'361	12.7%
	Total	70.7	100.0%	1'479'957	100.0%

Turnover split Q2 2016 & Q2 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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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 30th, 2017.

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