

Structured products value creation – Q3 2016

Swiss Structured Products Association – SSPA

November 2016

Executive summary¹

Turnover for Swiss structured products of the major SVSP members amounted to CHF 53.7bn in Q3 2016:

- Total quarterly turnover is slightly lower than in Q3 2015; growth rate compared to the previous year is -2.9%

Product group shares shifted compared to previous year:

- With approx. 65%, yield enhancement products again accounted for over half of the total turnover in Q3, while leverage products made up 16% of the total. After a relative decline of 24% compared to Q3 2015, participation products now constitute the third largest portion at 13%. Other products did not contribute significantly to total turnover
- Compared to Q3 2015, the capital protection portion grew by approx. 262%, whereas turnover remained stable compared to Q2 2016
- Although leverage products constituted only 16% of total turnover, they again represented the vast majority (89%) of transactions

Foreign exchange and equity still dominating the market; visible shift towards foreign exchange and fixed income:

- Foreign exchange products now represent the largest portion of total market value after growing from 41% to 46% since Q3 2015. Compared to prior year, the share of equity products in the Swiss market decreased from 48% to 42%
- The share of fixed income products grew by 127% compared to Q3 2015 to now 6%

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

- Non-listed products constitute about 71% of the turnover; this corresponds to a stable share of non-listed products compared to Q3 2015

Marginal decrease of turnover share of predominant primary market to 65%:

- Even though the secondary market represented a smaller share of turnover, it again comprised around 96% of all transactions in Q3 2016

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

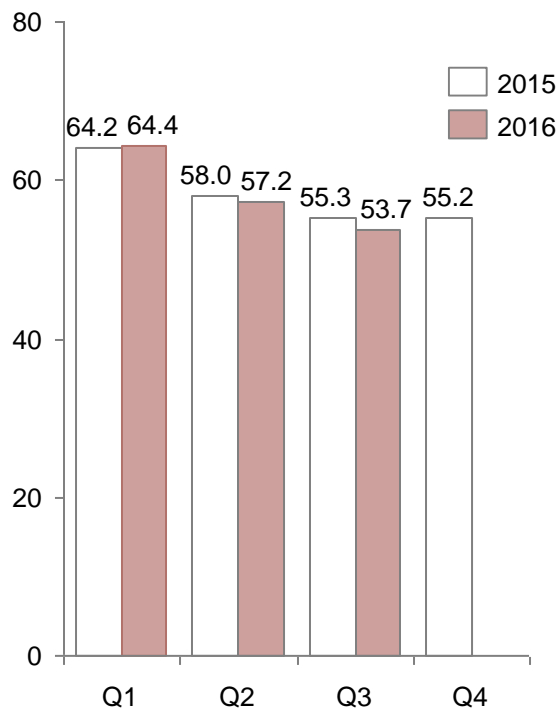
- USD and EUR now share the position as predominant currency after EUR significantly grew from 30% in Q3 2015 to 35% in Q3 2016. The USD share has remained stable and CHF has decreased from 19% to 16% since Q3 2015

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 2015 data.

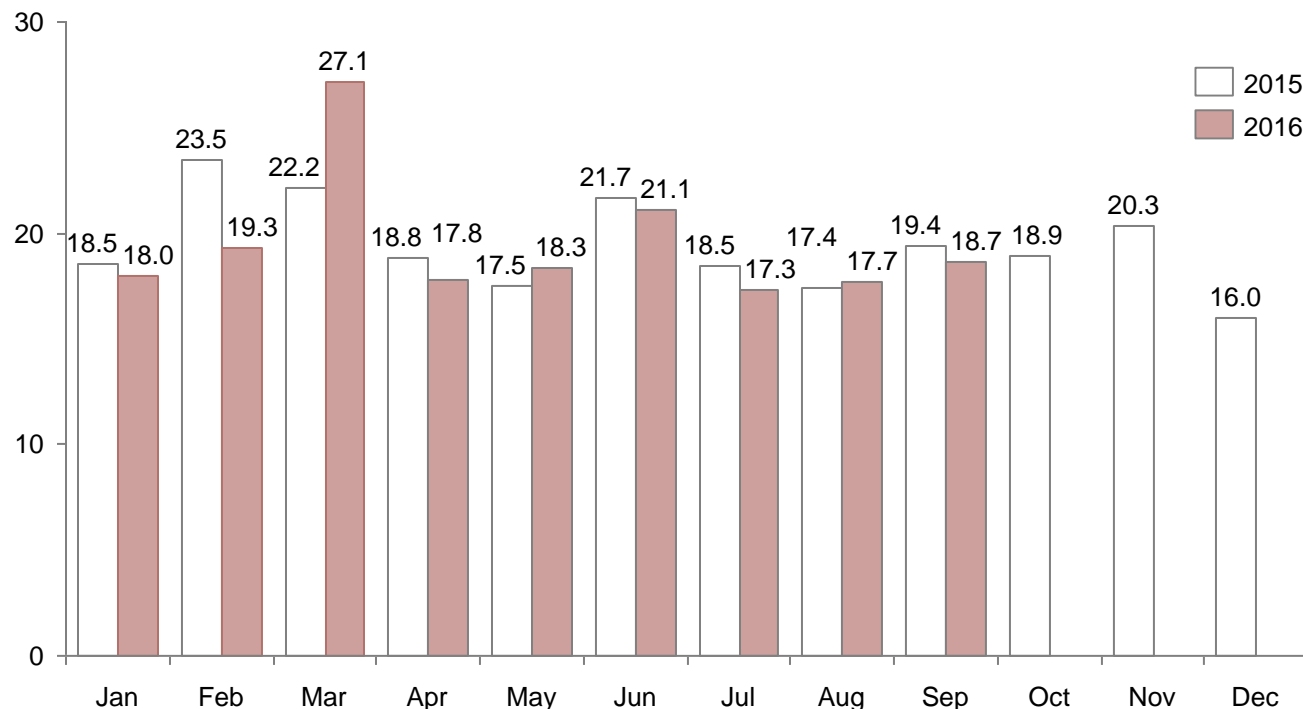
Overall turnover development of structured products in Q3 2016

Turnover in respective timeframe in bn CHF

Quarterly comparison



Monthly comparison



Total Q3 2016: CHF 53.7 bn

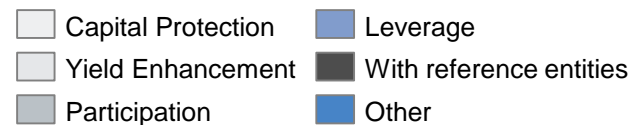
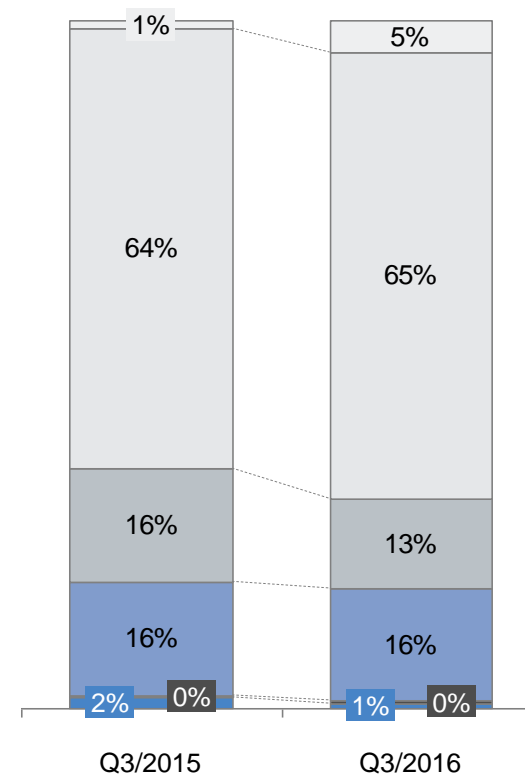
Turnover of structured products split by product group

Turnover in respective timeframe in bn CHF

Split by product group

Product group		Turnover		Transactions	
		CHF	in %	#	in %
Capital protection	Q3/2015	0.7	1.3%	4'423	0.3%
	Q3/2016	2.5	4.7%	1'992	0.1%
Yield enhancement	Q3/2015	35.4	63.9%	107'513	8.3%
	Q3/2016	34.9	64.9%	121'217	7.5%
Participation	Q3/2015	9.1	16.5%	53'980	4.1%
	Q3/2016	6.9	12.9%	52'991	3.3%
Leverage	Q3/2015	9.1	16.4%	1'132'635	86.9%
	Q3/2016	8.8	16.5%	1'444'084	89.0%
With reference entities	Q3/2015	0.1	0.2%	2'844	0.2%
	Q3/2016	0.2	0.3%	1'521	0.1%
Other	Q3/2015	0.9	1.6%	1'705	0.1%
	Q3/2016	0.4	0.8%	1'418	0.1%
Total	Q3/2015	55.3	100.0%	1'303'099	100.0%
	Q3/2016	53.7	100.0%	1'623'223	100.0%

Turnover split



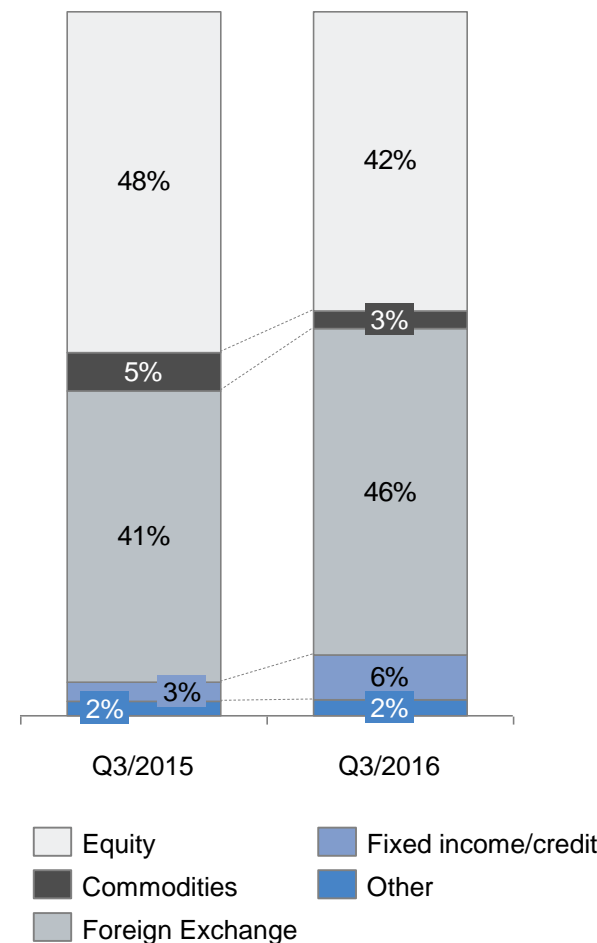
Turnover of structured products split by asset class

Turnover in respective timeframe in bn CHF

Split by asset class









Asset class		Turnover		Transactions	
		CHF	in %	#	in %
Equity	Q3/2015	26.8	48.4%	1'158'419	88.9%
	Q3/2016	22.8	42.5%	1'259'050	77.6%
Commodity	Q3/2015	3.0	5.5%	72'932	5.6%
	Q3/2016	1.4	2.6%	269'042	16.6%
Foreign Exchange	Q3/2015	22.8	41.3%	56'150	4.3%
	Q3/2016	24.8	46.2%	76'884	4.7%
Fixed income/ credit	Q3/2015	1.5	2.7%	9'026	0.7%
	Q3/2016	3.4	6.4%	14'108	0.9%
Other	Q3/2015	1.1	2.1%	6'572	0.5%
	Q3/2016	1.2	2.3%	4'140	0.3%
Total	Q3/2015	55.3	100.0%	1'303'099	100.0%
	Q3/2016	53.7	100.0%	1'623'223	100.0%

Turnover split

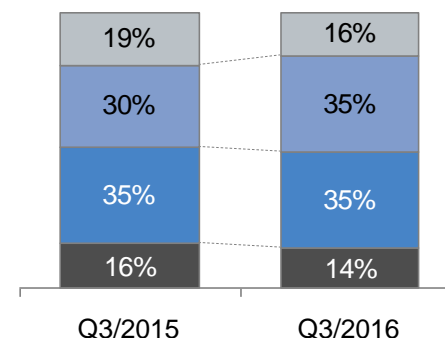
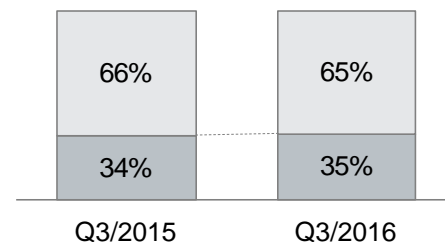
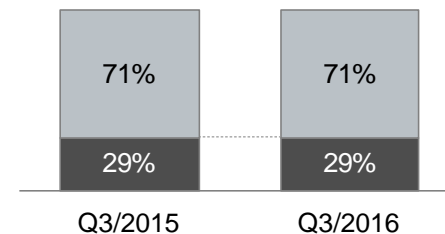


Turnover of structures products split by trade typ, market & currency

Turnover in respective timeframe in bn CHF

	Turnover in Q3 2016		Transactions in Q3 2016		
	CHF	in %	#	in %	
Trade type	Non-listed 	38.1	70.9%	296'528	18.3%
	Listed 	15.6	29.1%	1'326'696	81.7%
Market	Primary 	35.1	65.4%	62'022	3.8%
	Secondary 	18.6	34.6%	1'561'202	96.2%
Investment Currency	CHF 	8.3	15.5%	220'560	13.6%
	EUR 	18.8	35.0%	1'080'561	66.6%
	USD 	18.9	35.1%	38'417	2.4%
	Other 	7.7	14.4%	283'685	17.5%
	Total	53.7	100.0%	1'623'223	100.0%

Turnover split Q3 2015 & Q3 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 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 September 30st, 2016.

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