

Structured products value creation – Q3 2017

Swiss Structured Products Association – SSPA

October 2017

Executive summary¹

Turnover for Swiss structured products of the major SVSP members amounted to CHF 64.7 bn in Q3 2017:

- Total quarterly turnover is higher than in Q3 2016; growth rate compared with prior-year quarter is 20%
- The year-to-date growth amounted to 17% compared with respective time period of 2016

Product group shares shifted compared to previous year:

- With approx. 57%, yield enhancement products again accounted for over half of the total turnover in Q3 2017. Leverage products constitute again the second largest portion and remain at 16%
- Capital protection products made up 14% in Q3 2017, a relative growth of 254% with respect to prior-year quarter. After reaching bottom in Q2 2016 with 3.1%, market share steadily grew since. Compared to Q2 2017, growth slowed down to 13%
- Participation products accounted for 12% of total turnover in Q3 2017
- Although leverage products constituted only 16% of total turnover, they again represented the vast majority (87%) 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 in Q3 2017, growing from 42% to 48% compared to Q3 2016. Compared to prior year, the share of foreign exchange products decreased from 46% to 34%
- The share of fixed income products grew by 132% compared to Q3 2016 to now 13%

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

- Non-listed products constitute about 71% of turnover in Q3 2017; the market share remains unchanged compared to Q3 2016

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 (65%), the secondary market again comprised around 96% of all transactions in Q3 2017

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

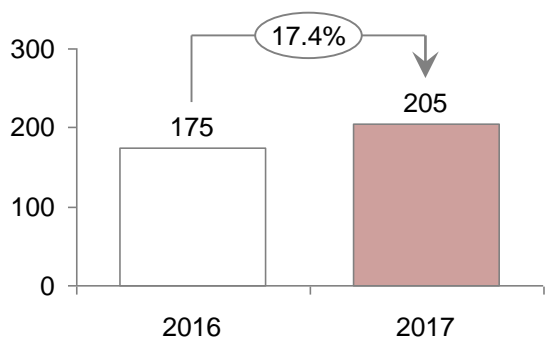
- USD grew by 13 percentage points and is the predominant currency in Q3 2017 with a share of 48% (prior year: 35%). The share of EUR is decreasing to 24% and CHF remains stable at 16%

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.

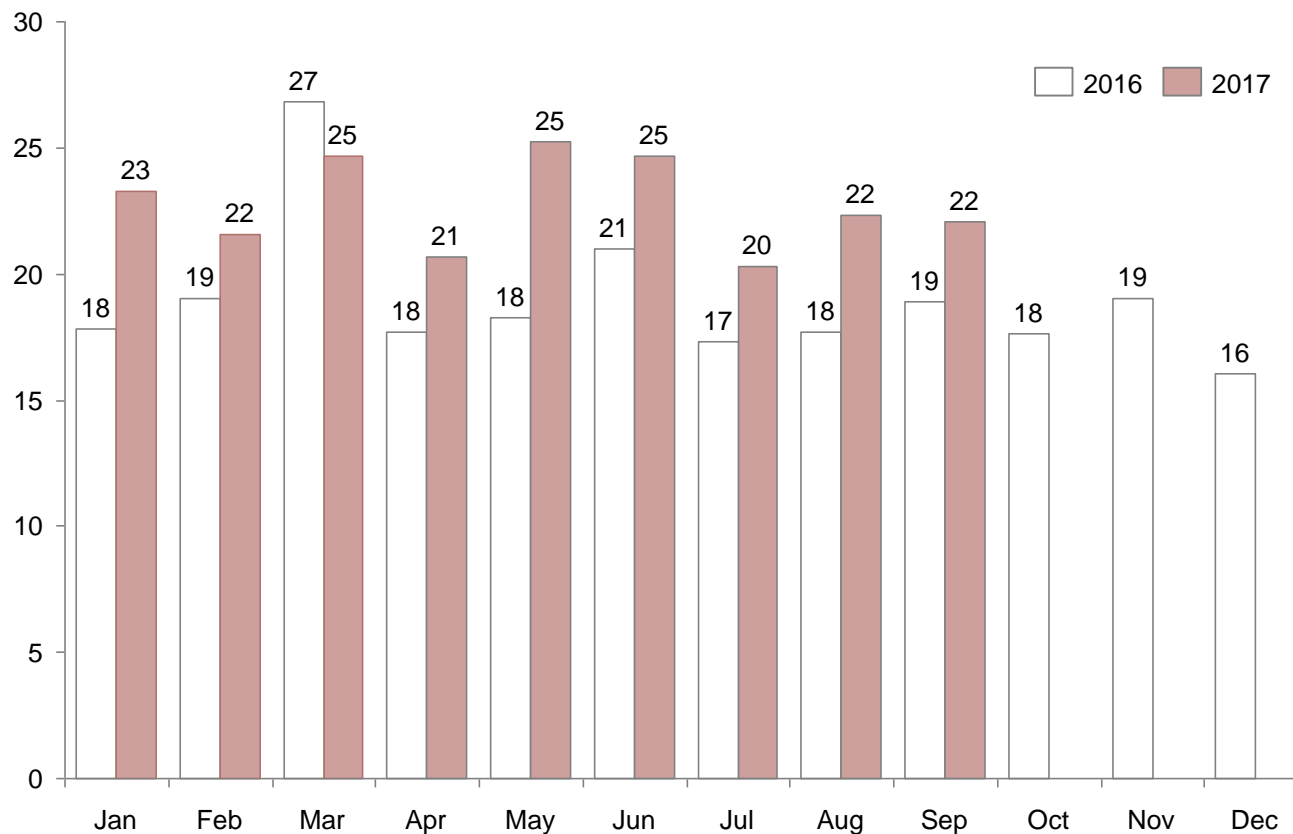
Overall turnover development of structured products in 2016 and 2017

Turnover in respective timeframe in bn CHF

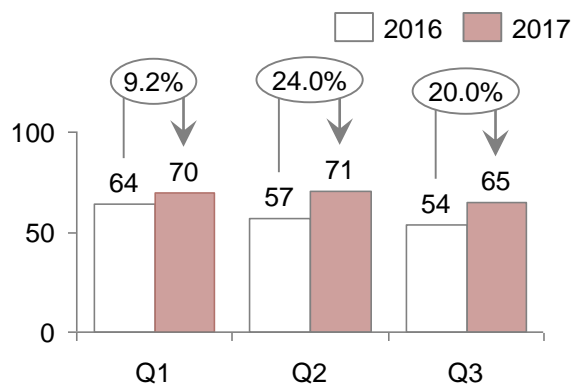
Year-to-date Q1 – Q3



Monthly comparison



Quarterly comparison



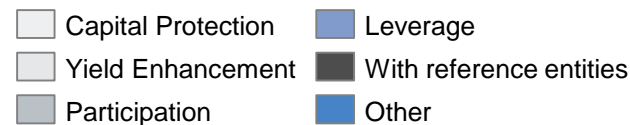
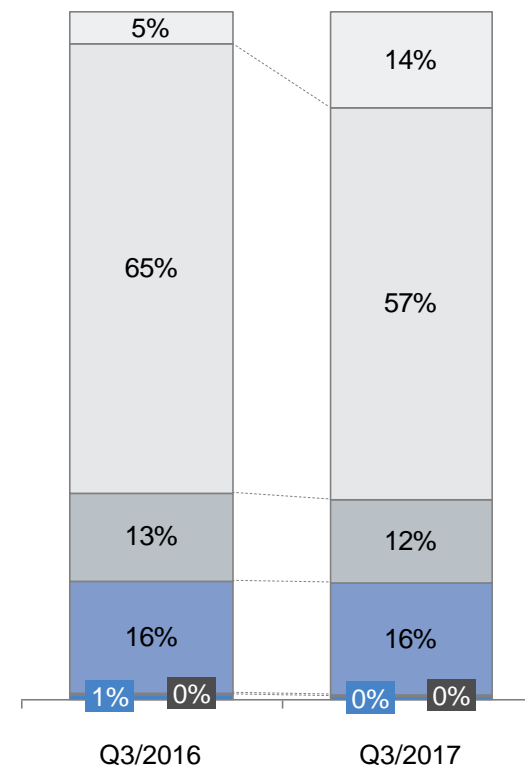
Turnover of structured products split by product group

Turnover in respective timeframe in bn CHF

Split by product group

Product group		Turnover		Transactions	
		CHF	in %	#	in %
Capital protection	Q3/2016	2.6	4.7%	2'095	0.1%
	Q3/2017	9.1	14.0%	20'179	1.4%
Yield enhancement	Q3/2016	35.1	65.2%	121'889	7.5%
	Q3/2017	36.8	56.9%	118'674	8.0%
Participation	Q3/2016	6.9	12.8%	52'949	3.3%
	Q3/2017	7.8	12.0%	51'990	3.5%
Leverage	Q3/2016	8.8	16.4%	1'444'095	88.9%
	Q3/2017	10.6	16.4%	1'290'084	87.0%
With reference entities	Q3/2016	0.1	0.3%	1'489	0.1%
	Q3/2017	0.1	0.1%	1'241	0.1%
Other	Q3/2016	0.3	0.6%	1'120	0.1%
	Q3/2017	0.3	0.5%	849	0.1%
Total	Q3/2016	53.9	100.0%	1'623'637	100.0%
	Q3/2017	64.7	100.0%	1'483'017	100.0%

Turnover split



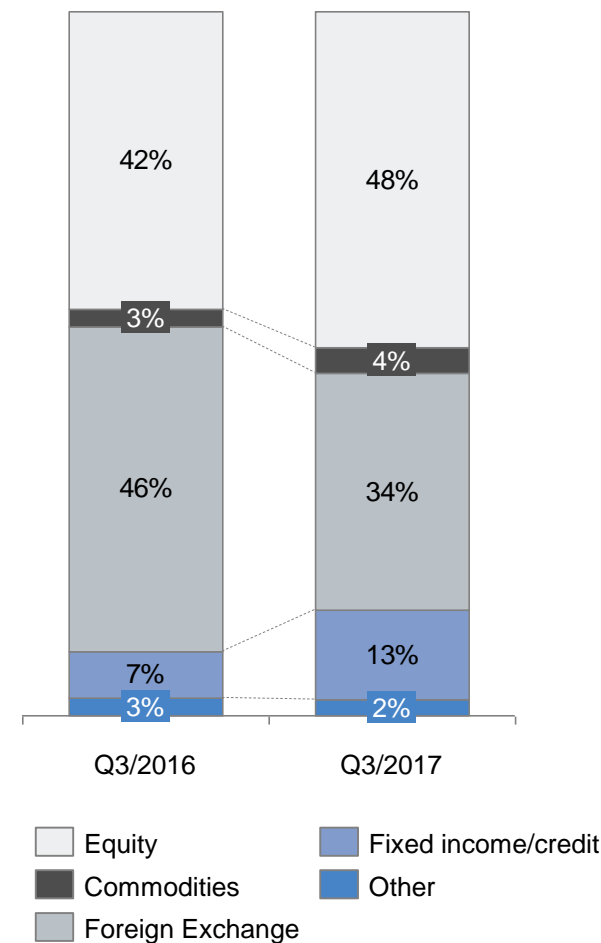
Turnover of structured products split by asset class

Turnover in respective timeframe in bn CHF

Split by asset class









Asset class		Turnover		Transactions	
		CHF	in %	#	in %
Equity	Q3/2016	22.8	42.3%	1'259'324	77.6%
	Q3/2017	30.9	47.8%	1'202'790	81.1%
Commodity	Q3/2016	1.4	2.6%	269'042	16.6%
	Q3/2017	2.3	3.5%	198'986	13.4%
Foreign Exchange	Q3/2016	24.8	46.1%	76'882	4.7%
	Q3/2017	21.8	33.7%	57'103	3.9%
Fixed income/credit	Q3/2016	3.5	6.5%	14'110	0.9%
	Q3/2017	8.2	12.6%	10'941	0.7%
Other	Q3/2016	1.4	2.5%	4'280	0.3%
	Q3/2017	1.5	2.3%	13'197	0.9%
Total	Q3/2016	53.9	100.0%	1'623'637	100.0%
	Q3/2017	64.7	100.0%	1'483'017	100.0%

Turnover split

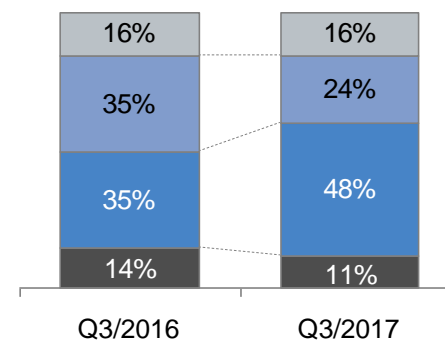
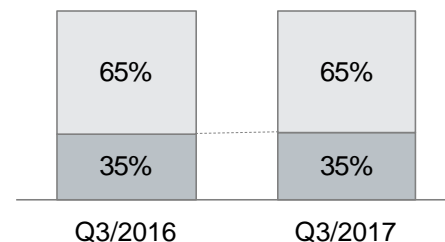
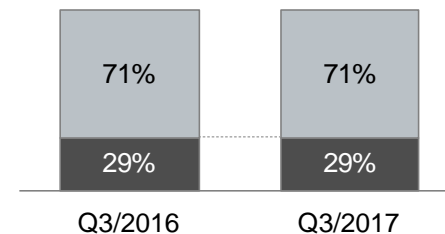


Turnover of structured products split by trade typ, market & currency

Turnover in respective timeframe in bn CHF

	Turnover in Q3 2017		Transactions in Q3 2017		
	CHF	in %	#	in %	
Trade type	Non-listed 	46.1	71.2%	253'967	17.1%
	Listed 	18.6	28.8%	1'229'050	82.9%
Market	Primary 	41.8	64.6%	63'630	4.3%
	Secondary 	22.9	35.4%	1'419'387	95.7%
Investment Currency	CHF 	10.3	16.0%	266'620	18.0%
	EUR 	15.7	24.2%	867'462	58.5%
	USD 	31.3	48.4%	105'009	7.1%
	Other 	7.4	11.5%	243'926	16.4%
	Total	64.7	100.0%	1'483'017	100.0%

Turnover split Q3 2016 & Q3 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 September 30th, 2017.

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