

Structured products value creation – Q4 2016

Swiss Structured Products Association – SSPA

February 2017

Executive summary¹

Turnover for Swiss structured products of the major SVSP members amounted to CHF 226 bn in 2016:

- Total turnover in 2016 of CHF 226 bn is lower than in 2015; growth rate compared to the previous year is -2.3%
- Total quarterly turnover in Q4 2016 of CHF 51.9 bn is lower than in Q4 2015; growth rate compared to the prior-year quarter is -5.9%

Product group shares shifted compared to previous year:

- With approx. 61%, yield enhancement products again accounted for over half of the total turnover in Q4, while leveraged products made up 16% of the total. After a relative decline of 31% compared to Q4 2015, participation products now constitute the third largest portion at 13%. Other products did not contribute significantly to total turnover
- Compared to Q4 2015, the capital protection portion grew by approx. 89%, which represents an increase of 86% compared to Q3 2016
- 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 fixed income:

- Equity products represent the largest portion of total turnover, though declining from 47% to 45% since Q4 2015. Compared to prior year, the share of foreign exchange products decreased as well from 43% to 40%
- The share of fixed income products grew by 109% compared to Q4 2015 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 decline of the share of non-listed products compared to Q4 2015 (previous year: 72%)

Increase 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 Q4 2016

With a total share of 85%, USD, EUR and CHF are still by far the major currencies used:

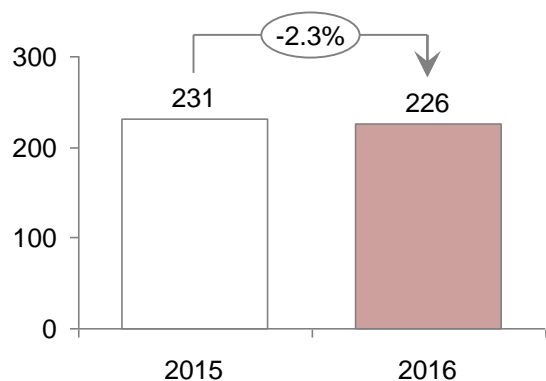
- USD is now the predominant currency with a share of 36% compared to prior year (34%). The shares of EUR and CHF are decreasing to 33% and 16%, respectively

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 2015 data.

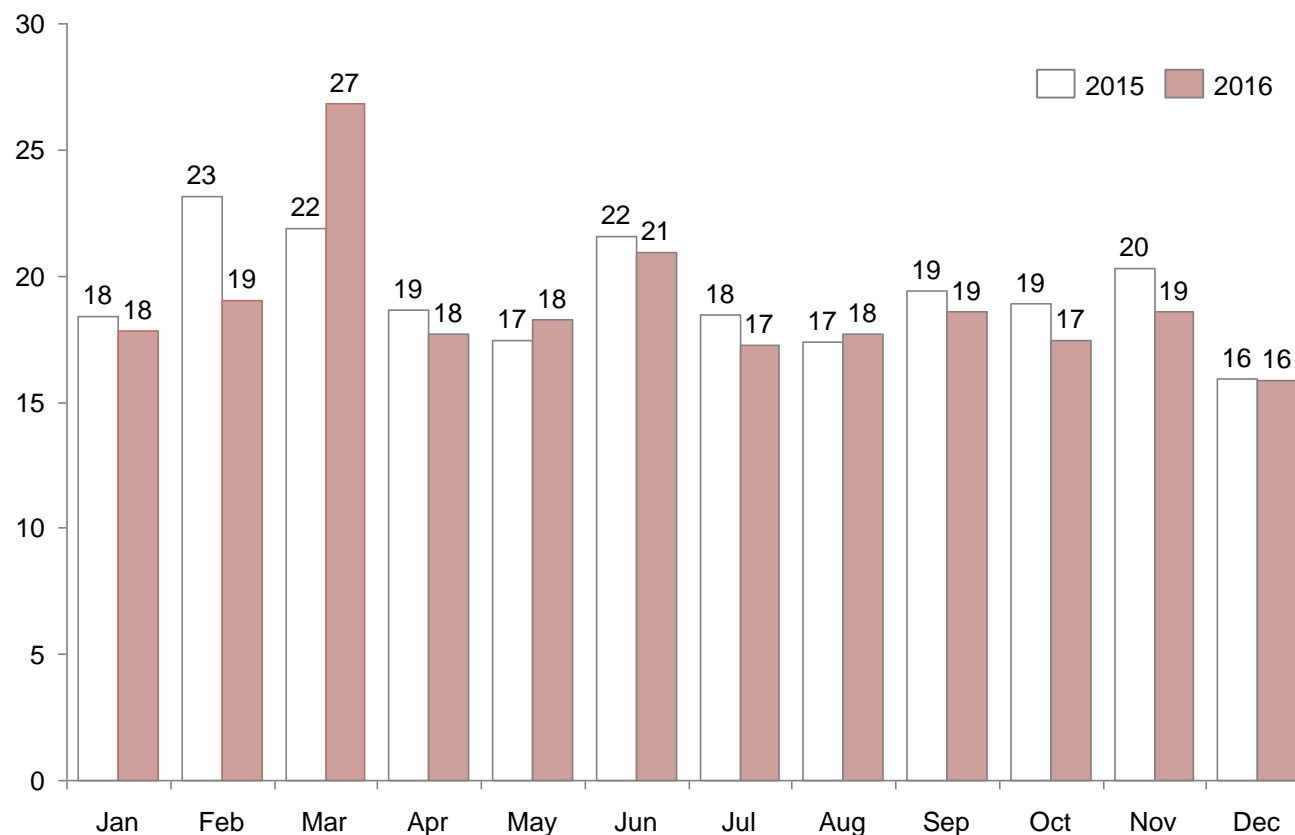
Overall turnover development of structured products in 2015 and 2016

Turnover in respective timeframe in bn CHF

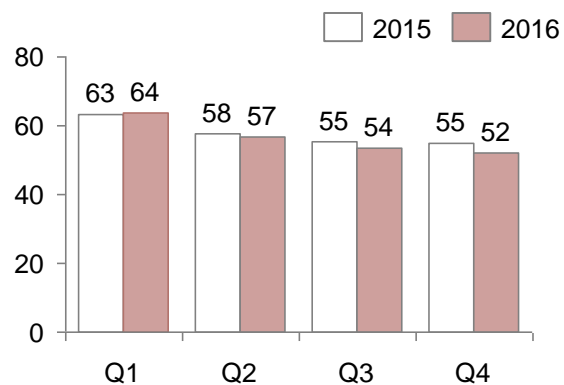
Yearly comparison



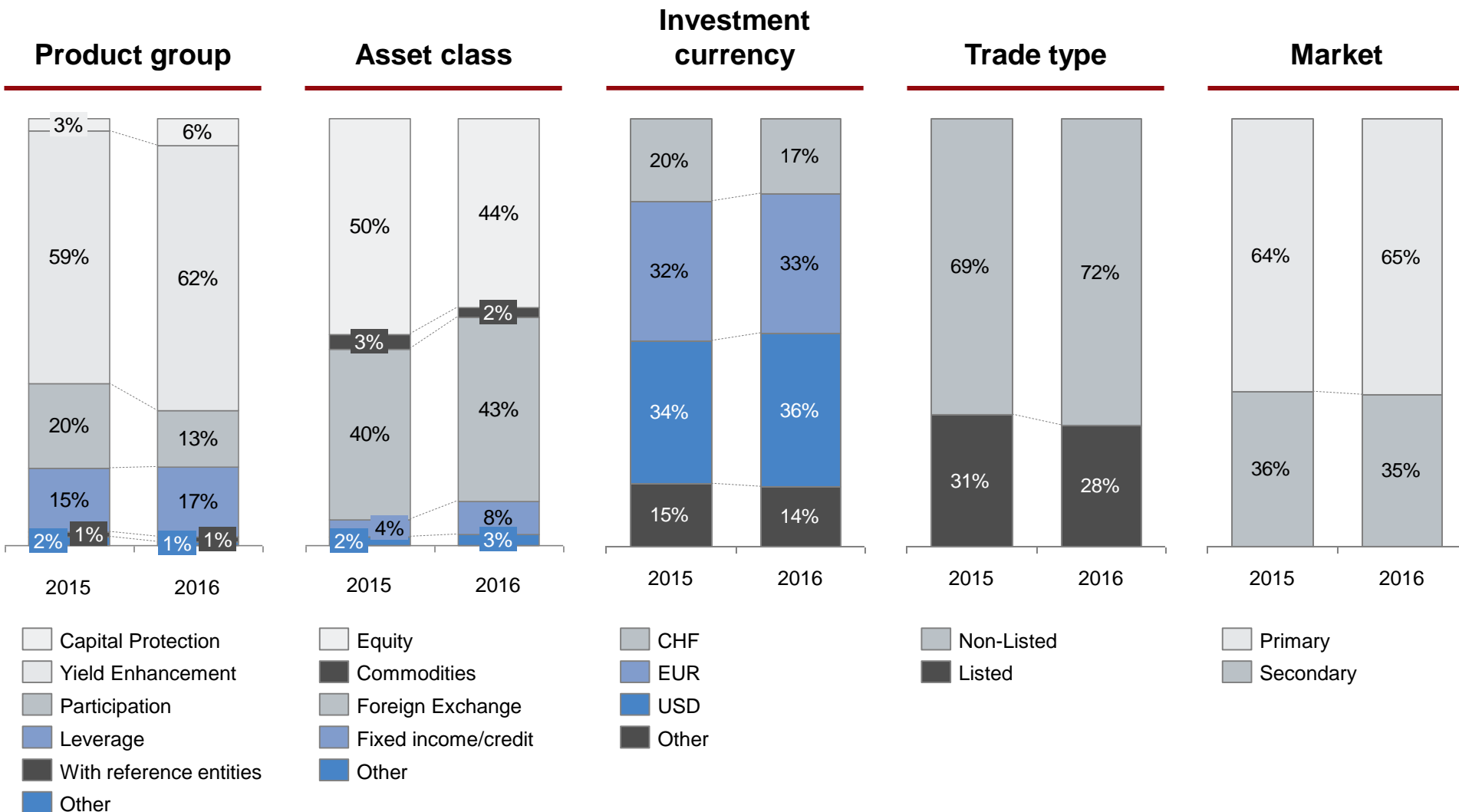
Monthly comparison



Quarterly comparison



Development of turnover breakdown of structured products in 2015 and 2016



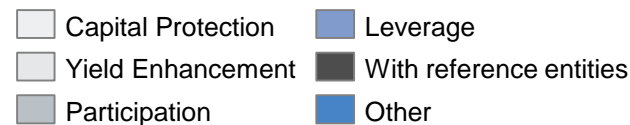
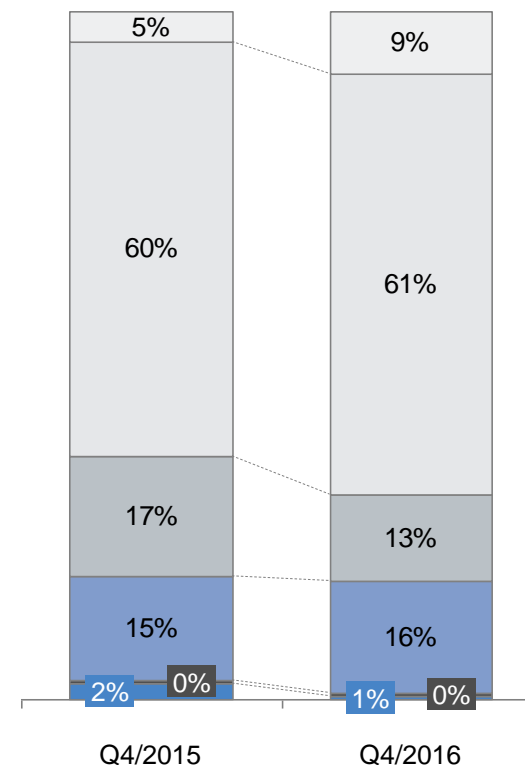
Turnover of structured products split by product group

Turnover in respective timeframe in bn CHF

Split by product group

Product group		Turnover		Transactions	
		CHF	in %	#	in %
Capital protection	Q4/2015	2.5	4.5%	5'968	0.4%
	Q4/2016	4.7	9.1%	2'327	0.2%
Yield enhancement	Q4/2015	33.2	60.2%	109'467	7.2%
	Q4/2016	31.7	61.1%	121'694	8.3%
Participation	Q4/2015	9.6	17.4%	62'783	4.2%
	Q4/2016	6.6	12.7%	57'539	3.9%
Leverage	Q4/2015	8.4	15.2%	1'327'339	87.8%
	Q4/2016	8.4	16.1%	1'274'623	87.4%
With reference entities	Q4/2015	0.2	0.3%	3'555	0.2%
	Q4/2016	0.3	0.5%	1'678	0.1%
Other	Q4/2015	1.3	2.4%	2'196	0.1%
	Q4/2016	0.3	0.5%	1'295	0.1%
Total	Q4/2015	55.1	100.0%	1'511'308	100.0%
	Q4/2016	51.9	100.0%	1'459'156	100.0%

Turnover split



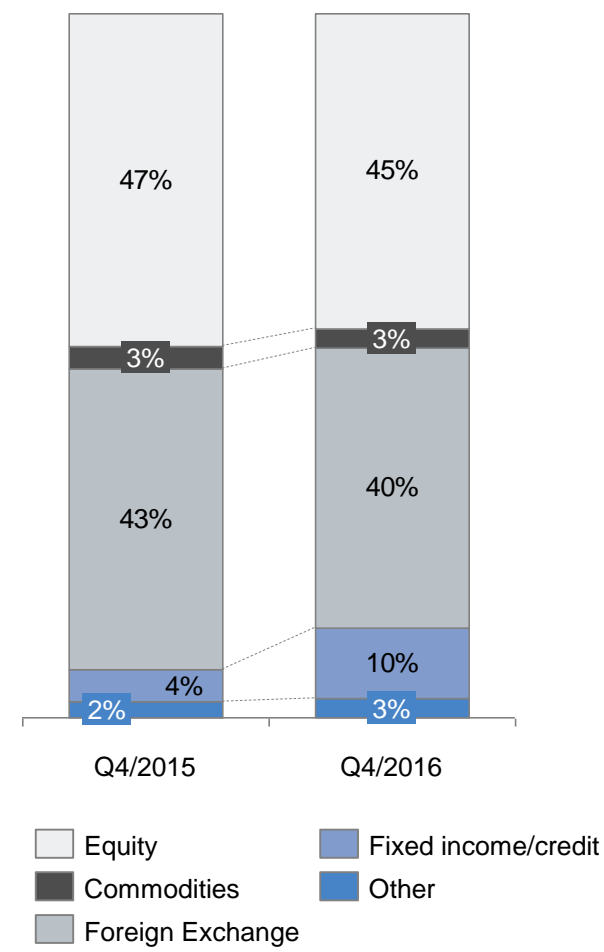
Turnover of structured products split by asset class

Turnover in respective timeframe in bn CHF

Split by asset class









Asset class		Turnover		Transactions	
		CHF	in %	#	in %
Equity	Q4/2015	26.0	47.2%	1'295'537	85.7%
	Q4/2016	23.3	44.9%	1'110'791	76.1%
Commodity	Q4/2015	1.7	3.2%	121'414	8.0%
	Q4/2016	1.4	2.7%	266'587	18.3%
Foreign Exchange	Q4/2015	23.6	42.8%	70'369	4.7%
	Q4/2016	20.6	39.8%	63'678	4.4%
Fixed income/credit	Q4/2015	2.5	4.5%	16'737	1.1%
	Q4/2016	5.2	10.0%	13'338	0.9%
Other	Q4/2015	1.3	2.4%	7'251	0.5%
	Q4/2016	1.4	2.7%	4'762	0.3%
Total	Q4/2015	55.1	100.0%	1'511'308	100.0%
	Q4/2016	51.9	100.0%	1'459'156	100.0%

Turnover split

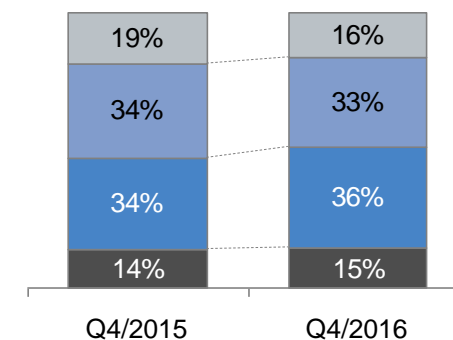
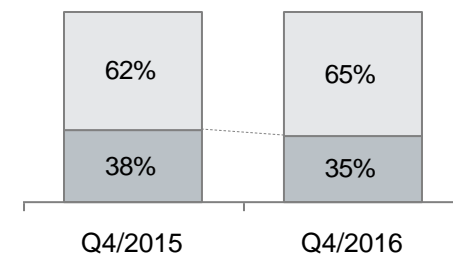
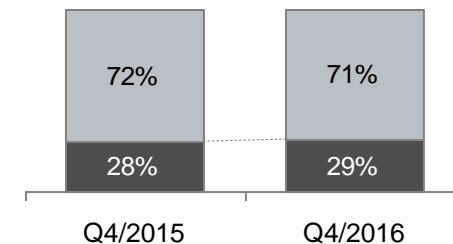


Turnover of structures products split by trade typ, market & currency

Turnover in respective timeframe in bn CHF

	Turnover in Q4 2016		Transactions in Q4 2016		
	CHF	in %	#	in %	
Trade type	Non-listed 	36.9	71.1%	288'860	19.8%
	Listed 	15.0	28.9%	1'170'296	80.2%
Market	Primary 	33.6	64.9%	57'522	3.9%
	Secondary 	18.2	35.1%	1'401'634	96.1%
Investment currency	CHF 	8.3	16.1%	213'633	14.6%
	EUR 	17.1	33.0%	915'478	62.7%
	USD 	18.8	36.3%	42'354	2.9%
	Other 	7.6	14.7%	287'691	19.7%
	Total	51.9	100.0%	1'459'156	100.0%

Turnover split Q4 2015 & Q4 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 December 31st, 2016.

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