



**SVSP**

Schweizerischer Verband für Strukturierte Produkte  
Swiss Structured Products Association  
Associazione Svizzera per prodotti strutturati  
Association Suisse Produits Structurés

# Structured products value creation - Q4 2017

Swiss Structured Products Association - SSPA

**BCG**

THE BOSTON CONSULTING GROUP

JANUARY 2018

# Executive summary<sup>1</sup>

## Turnover for Swiss structured products of the major SVSP members amounted to CHF 275 bn in 2017:

- Total turnover in 2017 of CHF 275 bn is 48 bn higher than in 2016; growth rate compared to the previous year is 21%
- Total quarterly turnover in Q4 2017 of CHF 70 bn is higher than in Q4 2016; growth rate compared with prior-year quarter is 33%

## Product group shares shifted compared to previous year:

- With approx. 57%, yield enhancement products again account for over half of the total turnover in 2017. Leverage products constitute again the second largest portion with 16%
- Capital protection products make up 13% in 2017, a relative growth of 144% with respect to prior-year. After reaching bottom in Q2 2016 with 3.1%, market share steadily grew since
- Participation products remain at 13% of total turnover in 2017
- Although leverage products constitute only 16% of total turnover, they again represent the vast majority (87%) of transactions

## Equity and foreign exchange still dominating the turnover; decreasing share of foreign exchange products:

- Equity products represent the largest portion of total turnover in 2017, growing from 44% to 49% compared to 2016. Compared to prior year, the share of foreign exchange products decreased from 43% to 33%
- The share of fixed income products grew to 12% in 2017 (prior year: 8%)

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

- Non-listed products constitute about 70% of turnover in 2017; the market share decreased compared to 2016 (72%)

## Stable turnover share of predominant primary market compared with secondary market:

- Even though the primary market represents a stable but larger share of turnover (64%), the secondary market comprised around 96% of all transactions in 2017

## With a total share of 87%, USD, EUR and CHF are still by far the major currencies used:

- USD is again the predominant currency in 2017 with a share of 43% (prior year: 36%). The share of EUR is decreasing to 27% and CHF is slightly higher at 18%

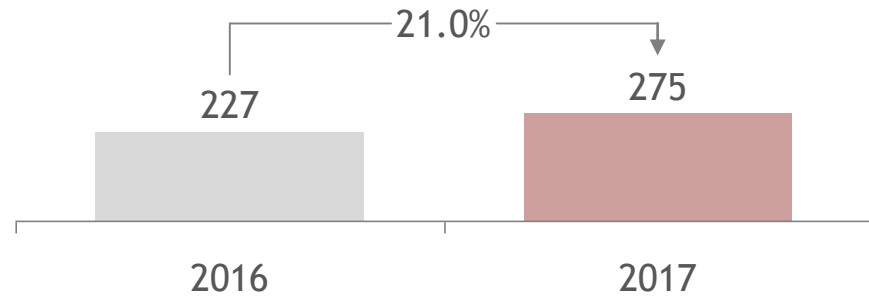
1. Numbers are commercially rounded. Compared to the preceding report, several participating banks were able to improve their data analysis. These changes were applied retroactively also to the 2016 data.

# Overall turnover development of structured products in 2016 and 2017

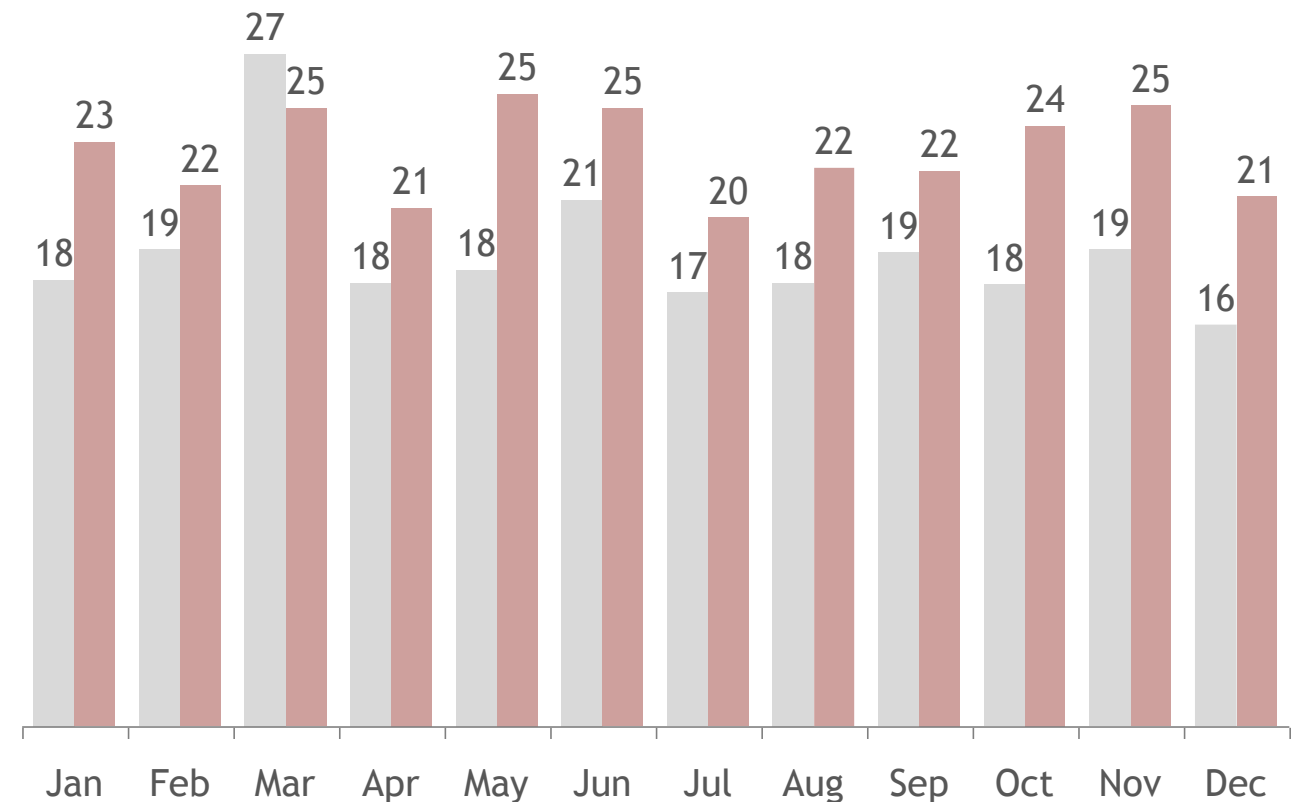
Turnover in respective timeframe in bn CHF

2016 2017

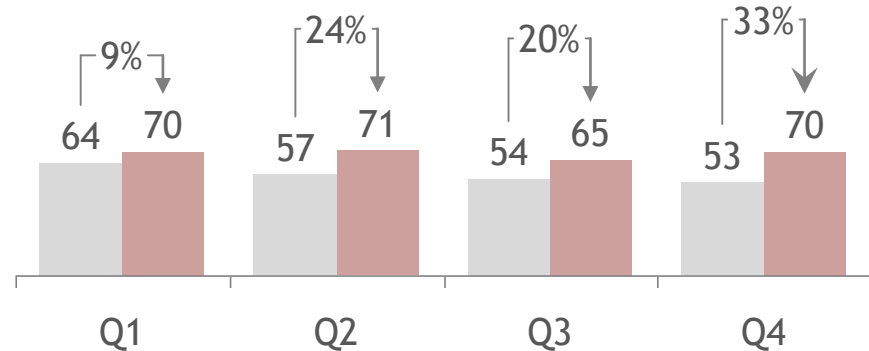
## Yearly comparison



## Monthly comparison



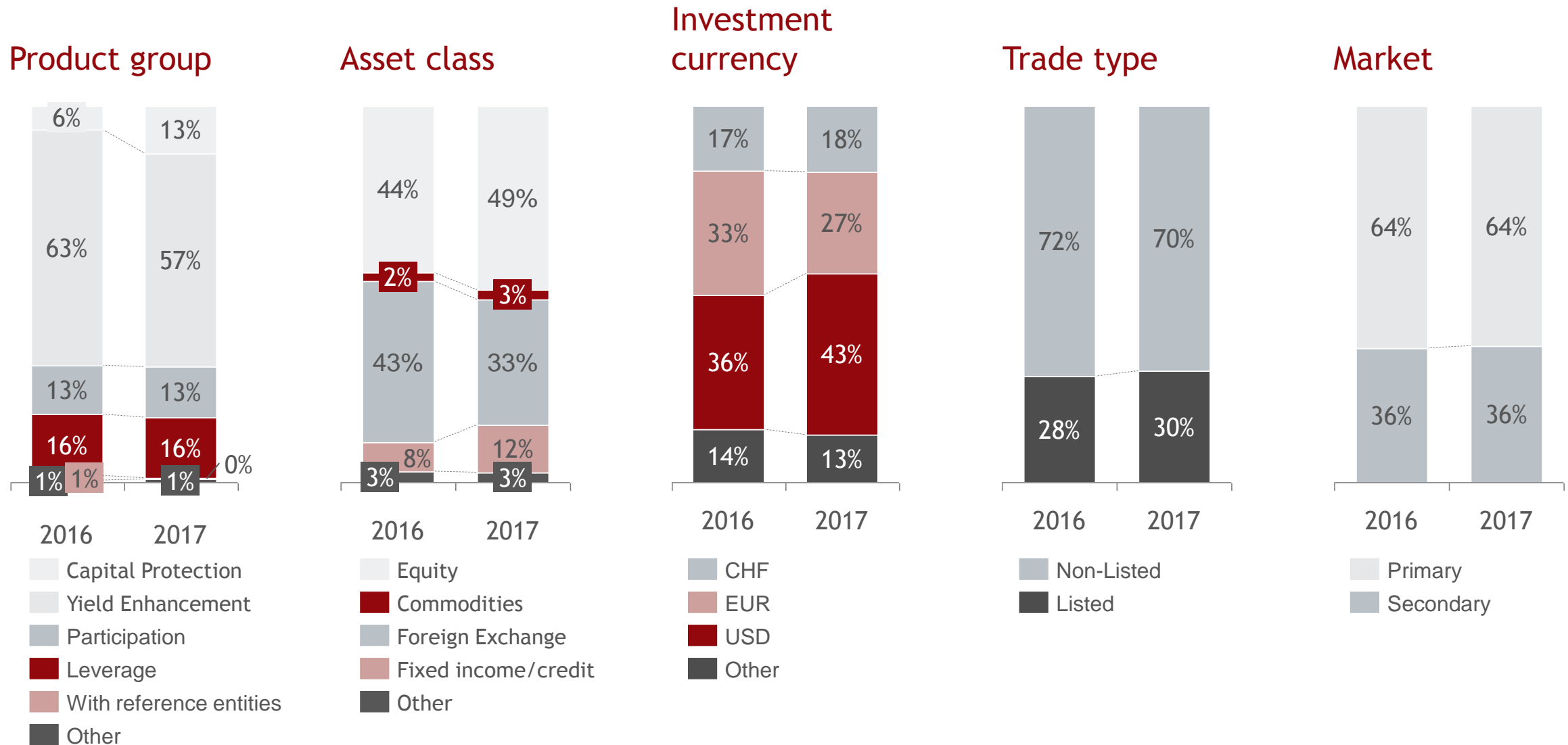
## Quarterly comparison



Source: Data collected monthly from SSPA member institutes



# Development of turnover breakdown of structured products in 2016 and 2017



Source: Data collected monthly from SSPA member institutes

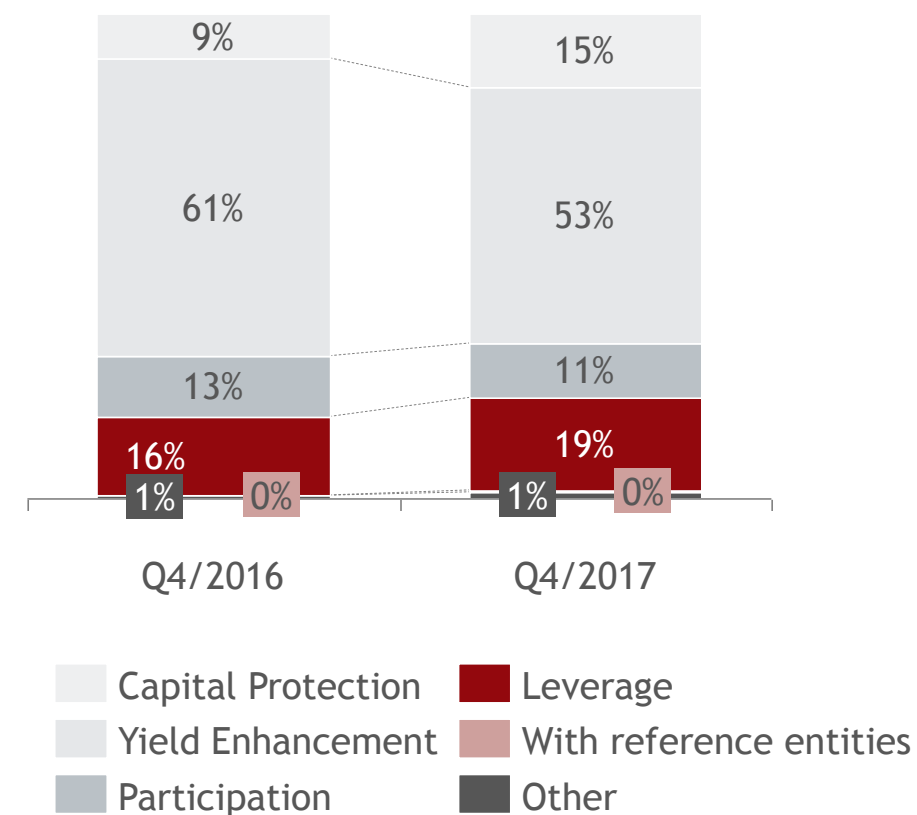
# Turnover of structured products split by product group

Turnover in respective timeframe in bn CHF

## Split by product group

Product group		Turnover		Transactions	
		CHF	in %	#	in %
Capital protection	Q4/2016	4.9	9.3%	2'703	0.2%
	Q4/2017	10.6	15.2%	20'602	1.1%
Yield enhancement	Q4/2016	32.3	61.4%	123'171	8.4%
	Q4/2017	36.8	52.7%	119'733	6.1%
Participation	Q4/2016	6.7	12.6%	57'664	3.9%
	Q4/2017	7.9	11.3%	98'682	5.0%
Leverage	Q4/2016	8.4	15.9%	1'275'481	87.3%
	Q4/2017	13.4	19.1%	1'715'061	87.7%
With reference entities	Q4/2016	0.2	0.3%	1'418	0.1%
	Q4/2017	0.1	0.2%	1'450	0.1%
Other	Q4/2016	0.3	0.5%	1'189	0.1%
	Q4/2017	1.0	1.4%	944	0.0%
Total	Q4/2016	52.7	100.0%	1'461'626	100.0%
	Q4/2017	69.9	100.0%	1'956'472	100.0%

## Turnover split



Source: Data collected monthly from SSPA member institutes

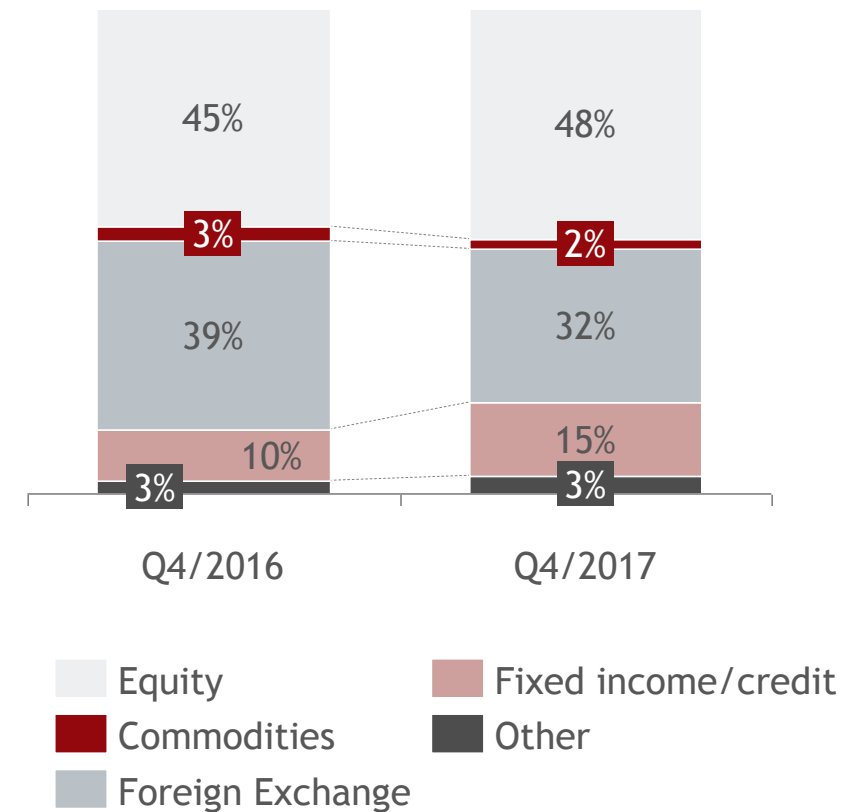
# Turnover of structured products split by asset class

Turnover in respective timeframe in bn CHF

## Split by asset class

Asset class		Turnover		Transactions	
		CHF	in %	#	in %
Equity	Q4/2016	23.7	45.0%	1'111'818	76.1%
	Q4/2017	33.2	47.5%	1'685'535	86.2%
Commodity	Q4/2016	1.4	2.7%	266'587	18.2%
	Q4/2017	1.4	2.0%	150'247	7.7%
Foreign Exchange	Q4/2016	20.6	39.2%	64'521	4.4%
	Q4/2017	22.2	31.8%	61'055	3.1%
Fixed income/ credit	Q4/2016	5.5	10.4%	13'932	1.0%
	Q4/2017	10.6	15.2%	18'306	0.9%
Other	Q4/2016	1.4	2.7%	4'768	0.3%
	Q4/2017	2.4	3.5%	41'329	2.1%
Total	Q4/2016	52.7	100.0%	1'461'626	100.0%
	Q4/2017	69.9	100.0%	1'956'472	100.0%

## Turnover split

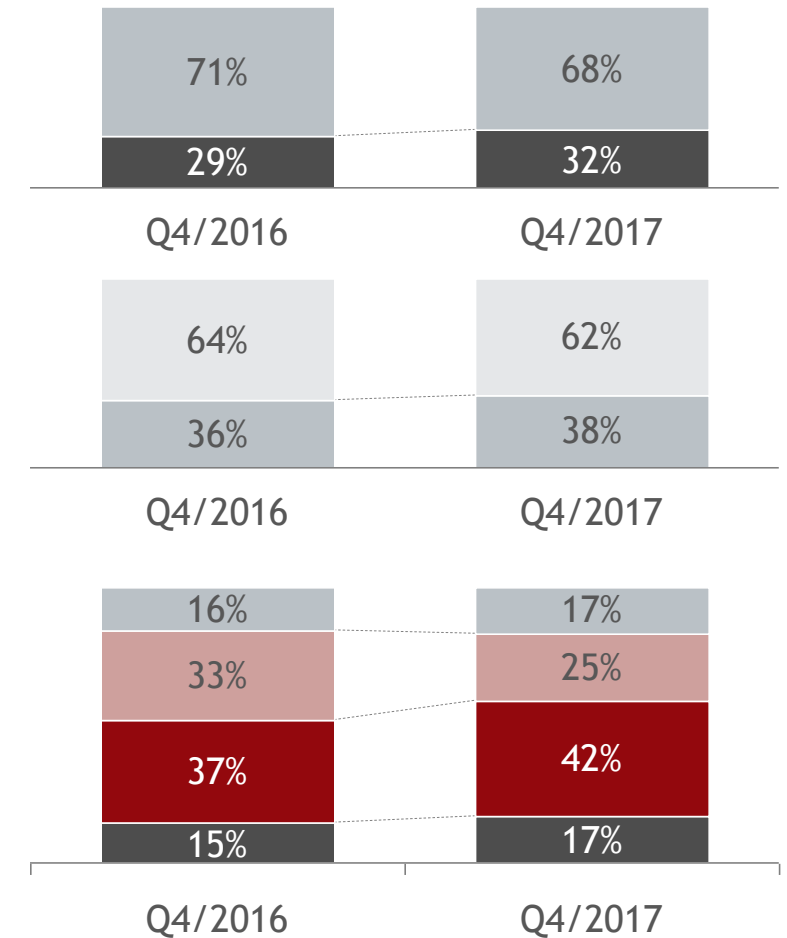


# Turnover of structured products split by trade type, market & currency

Turnover in respective timeframe in bn CHF

	Turnover in Q4 2017		Transactions in Q4 2017		
	CHF	in %	#	in %	
Trade type	Non-listed	47.5	67.9%	157'069	8.0%
	Listed	22.4	32.1%	1'799'403	92.0%
Market	Primary	43.5	62.2%	63'656	3.3%
	Secondary	26.4	37.8%	1'892'816	96.7%
Investment Currency	CHF	11.7	16.8%	224'857	11.5%
	EUR	17.2	24.6%	1'125'670	57.5%
	USD	29.3	41.9%	60'853	3.1%
	Other	11.7	16.7%	545'092	27.9%
	<b>Total</b>	<b>69.9</b>	<b>100.0%</b>	<b>1'956'472</b>	<b>100.0%</b>

## Turnover split



Source: Data collected monthly from SSPA member institutes

# 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> (II/II)

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

1. According to SSPA Swiss Derivative Map ©, for a full version please visit [www.svsp-verband.ch](http://www.svsp-verband.ch)

2. Including primary and secondary market



# Disclaimer

## Issued by

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## Participating banks

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Data as of December 31st, 2017.

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