

Summary Risk Indicator (SRI)

The Summary Risk Indicator (SRI) is a standardised risk indicator that takes into account both the volatility of a financial instrument (market risk) and the creditworthiness of the issuer (credit risk). Based on this combination, the financial instrument is then classified on a seven-point scale, with 1 representing the lowest risk and 7 the highest risk.

PRIIP providers use the following format for presenting the Summary Risk Indicator (SRI) in the Key Information Document (KID). As shown below, the relevant figure is highlighted to indicate the SRI of the PRIIP.

! This risk indicator is based on the assumption that you will hold the product (for x years / until [date] [if there is no specific maturity date]).

(Where applicable): If you liquidate an investment prematurely, the actual risk may significantly differ from that indicated and you may get back less than you invested. (If classified as illiquid: (It is [not] possible [under certain circumstances] to liquidate an investment prematurely.) If an investment is liquidated prematurely, you will / may incur significant additional costs. (If classified as associated with significant liquidity risk:) It may be that you cannot readily sell (terminate) your product without having to sell (terminate) it at a price that significantly reduces the amount you get back.

More information – more knowledge

Go to www.sspa.ch for more structured products information. Use our interactive information tool and test your structured product knowledge. You can use the Swiss Derivative Map to check how your products are categorized.

You can also order the Brochure, the Swiss Derivative Map in poster form, as well as the accompanying SSPA Compendium.

Feel free to visit our website!



Vademecum



SSPA Book



Leporello

Definitions

AMC	Actively Managed Certificates. These products are based on a dynamic strategy. The composition of the underlying basket may be altered during the lifetime of the product depending on the predefined investment guidelines (discretionary or rule based).
Barrier	Barriers denote a threshold for the price of the underlying. Outperforming or failing to reach the barrier changes the structured product's repayment conditions (payoff).
Basis	Basis is the variation between the credit rating of company/government on the bond market on the one hand and the credit derivatives market on the other. In theory, the basis should be zero. Some Structures Products are based on a potential difference.
Bear/Short	Bear or short investments are speculations on falling underlyings. Tracker certificates, for instance, can carry the suffix bear; mini-futures the suffix short.
Bull/Long	Bull or long investments are speculations on rising underlyings. Tracker certificates, for instance, can carry the suffix bull; mini-futures the suffix long.
Cap	Caps are the upper limit of participation of a structured product in profits from the underlying.
Cash Settlement	If a Structured Product reaches the end of its term, it is redeemed in accordance with the payoff diagram defined in the term sheet. The issuer can make the repayment in accordance with the product description (term sheet) by physical delivery of the underlying or by cash settlement. In the case of cash settlement, the investor receives the value of the product (at the time of final fixing) in cash on the redemption date.
COSI	Collateral Secured Instruments. A segment of structured products that minimizes issuer risk. Based on a product's market price and theoretical value, a security in the form of collateral is deposited on a SIX Swiss Exchange account at SIX SIS.
Issuer Risk	Legally, structured products are debt obligations subject to issuer risk, similar to e.g. bonds and fixed term deposits. As with other kinds of investment, the principle of diversification and using different issuers applies. Monitoring issuer creditworthiness (using tools that can be found on the SSPA website, www.svsp-verband.ch) is also advised. Collateralized certificates, e.g. Collateral Secured Instruments, minimize issuer risk.
Leverage	Leverage is a dynamic indicator of the leverage effect of an option or warrant. It shows the percentage increase in the price of a call (put) if the underlying's price increases (declines) by 1%. Leverage products have at least 200% leverage (leverage factor 2) on issue.
Capital Protection Certificate	Capital Protection Certificates are provided with capital protection by the issuer, i.e. the issuer assures payment of a certain amount on the redemption date, which is determined by the issuer upon issue. Only products with capital protection of at least 90% of the nominal amount are considered Capital Protection Certificates.
Capital Protection, conditional	The term „conditional capital protection“ indicates that capital protection is linked to a condition. Conditions are the non-occurrence of a credit event or the fact that a barrier has not been breached.
Credit event	A credit event occurs, when the debtor can no longer meet the creditor's claims arising from a loan granted. The following events can constitute a credit event either in isolation or in combination: bankruptcy, obligation default, potential obligation acceleration, obligation acceleration, obligation repudiation/moratorium and restructuring according to the International Swaps and Derivatives Association.
Nominal	The nominal is a structured product's nominal value. Repayment of the product refers to this amount. As a rule, the nominal is equal to the issue price of a product.
Option	Options give buyers the right to accept or refuse a time-limited contract offer. The contract offer states the underlying, the term and the strike. There are call options and put options. Buyers speculating on rising underlying price exercise a call option, or right to buy. Put options, or the right to sell, refer to speculations on a price drop of the underlying. Options are an important component of structured products.
Payoff-Diagramm	Payoff diagrams are graphics showing a financial instrument's repayment structure on maturity. Those on the SSPA's Swiss Derivative Map show a product type's typical repayment mechanism on maturity. For the sake of clarity, the list of investment products does not include bearish products.
Physical Delivery	At maturity, depending on the structure of the product, there may be a physical delivery, i.e. a transfer of the underlying to the investor's securities account.
Rebate	The payouts made when a barrier has been breached are referred to as rebates, with the amounts expressed as a percentage of the nominal.
Reference loan	This is the loan taken by the reference issuer and on which the reference issuer certificate is based. It defines the product's additional credit risk (see also: Credit event).
Reference issuer	The debtor for a reference loan.
Structured Product	Structured financial products are instruments that combine, for instance, bonds or shares with derivatives, usually options, securitized in a standalone commercial paper. The repayment value of structured products depends, among other things, on the movements of one or more underlying assets, and/or the non-occurrence of a credit event on the part of the respective reference issuer.
Strike	An option's strike refers to the investor's buying price (call option) or selling price (put option) of the underlying. For participation and yield enhancement products, the strike defines the reference price of the underlyings of the relevant structured product. Barriers, bonus levels and cap levels are based on the reference price.
Volatility	Shows an underlying's range of fluctuation.
Worst-of	If a worst-of scenario is triggered, the redemption amount or physical delivery is defined by the underlying with the worst performance/price development on maturity

Discover the potential.

SSPA Swiss Derivative Map[©]



What are structured products?

Structured products combine traditional investments with derivatives. They are issued as standalone products and securitized in a commercial paper. The advantages for investors are that structured products cover

- every market expectation, be it rising, falling or stable prices,
- every risk profile, from low-risk capital protection products to high-risk leverage products,
- every investment class, including those usually not accessible to many investors, including precious metals, commodities and emerging markets,
- high liquidity in the secondary market as provided by the issuer.

Categorisation model

The SSPA's Swiss Derivative Map is a systematic, easy-to-understand way to categorize structured products, successfully used for many years by investors and issuers alike. Other European industry associations have since adopted it. Experts examine the Map regularly and adjust it to reflect new market developments. Products are allocated to a given category by payoff, often defined in more detail by means of additional features.

The structured road to the right product:



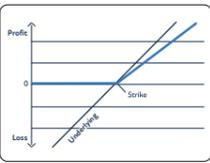
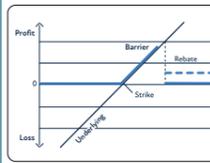
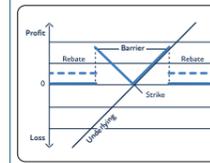
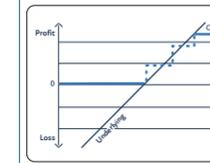
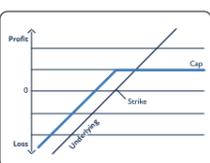
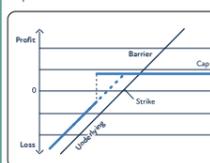
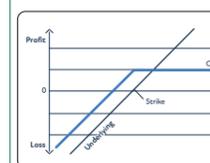
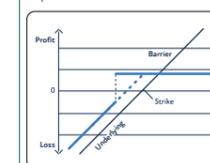
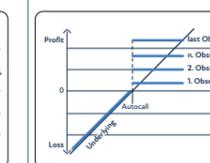
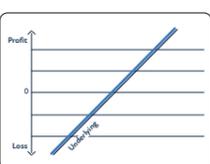
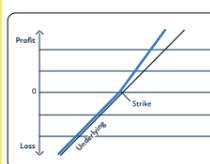
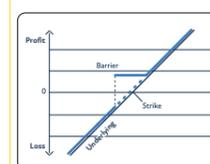
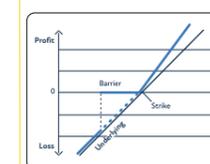
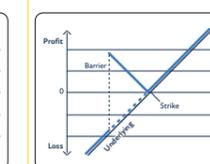
- 1 How do you expect the market to perform in general and with regard to specific underlyings? Structured products allow investments in rising, falling or sideways-trending markets and markets with high or low volatility.
- 2 Are you familiar with the underlying and its past performance? What do the experts say? What are the alternatives?
- 3 How should the underlying develop to produce a profit? Refer to the termsheet for the main product characteristics.
- 4 Do you know the market scenarios that would result in a loss? Depending on the product, outperforming or failing to reach certain barriers can produce vastly different outcomes.
- 5 Do you know the product issuer and concomitant risk? Go to our website for more issuer information. The termsheet provides information on additional credit risks associated with reference issuer certificates.
- 6 Is the product within the limits of your risk profile? Choose from among
 - risk averse: mainly capital-protection products
 - limited risk: yield enhancement and participation products
 - high risk: participation and leverage products
- 7 Have you absorbed all of a product's relevant information? Read the termsheet closely, and seek the advice of an investment adviser as needed.

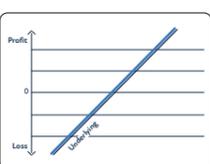
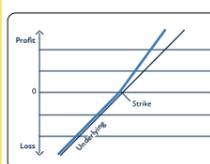
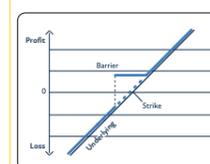
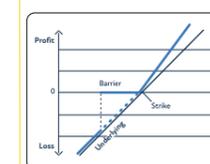
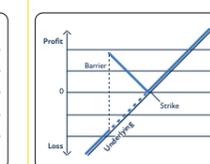
→ Your investment decision

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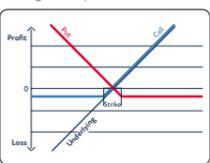
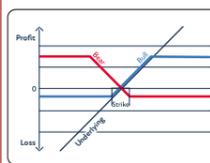
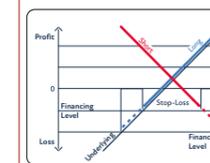
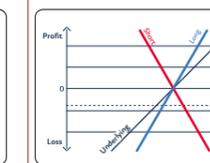


Investment Products

11 Capital protection	Capital Protection Note with Participation (1100) Market expectation <ul style="list-style-type: none"> Rising underlying Rising volatility Sharply falling underlying possible  Characteristics <ul style="list-style-type: none"> Minimum redemption at expiry equivalent to the capital protection Capital protection is defined as a percentage of the nominal (e.g. 100%) Capital protection refers to the nominal only, and not to the purchase price Value of the product may fall below the capital protection during its lifetime Participation in underlying price increase above the strike Coupon payment possible 	Capital Protection Note with Barrier (1130) Market expectation <ul style="list-style-type: none"> Rising underlying Sharply falling underlying possible Underlying is not going to touch or breach the barrier during product lifetime  Characteristics <ul style="list-style-type: none"> Minimum redemption at expiry equivalent to the capital protection Capital protection is defined as a percentage of the nominal (e.g. 100%) Capital protection refers to the nominal only, and not to the purchase price Value of the product may fall below the capital protection during its lifetime Participation in underlying price increase above the strike Redemption at expiry equivalent to capital protection if upper barrier is breached Possibility of rebate payment once barrier is breached Limited profit opportunity 	Capital Protection Note with Twin Win (1135) Market expectation <ul style="list-style-type: none"> Slightly rising or slightly falling underlying Sharp movements of the underlying possible Underlying will not touch or breach upper or lower barrier during product lifetime  Characteristics <ul style="list-style-type: none"> Minimum redemption at expiry equivalent to the capital protection Capital protection is defined as a percentage of the nominal (e.g. 100%) Capital protection refers to the nominal only, and not to the purchase price Value of the product may fall below the capital protection during its lifetime Participation in underlying price increase above the strike Redemption at expiry equivalent to capital protection if upper barrier is breached Possibility of rebate payment once barrier is breached Limited profit opportunity 	Capital Protection Note with Coupon (1140) Market expectation <ul style="list-style-type: none"> Rising underlying Sharply falling underlying possible  Characteristics <ul style="list-style-type: none"> Minimum redemption at expiry equivalent to the capital protection Capital protection is defined as a percentage of the nominal (e.g. 100%) Capital protection refers to the nominal only, and not to the purchase price Value of the product may fall below the capital protection during its lifetime The coupon amount is dependent on the performance of the underlying Periodic coupon payment is expected Limited profit opportunity 	
	Discount Certificate (1200) Market expectation <ul style="list-style-type: none"> Underlying moving sideways or slightly rising Falling volatility  Characteristics <ul style="list-style-type: none"> Contains a discount compared to the underlying value Limited profit opportunity (cap) If the underlying is above the strike at maturity, the investor receives the maximum redemption amount (cap) If the underlying is below the strike at maturity: delivery underlying and/or cash settlement Multiple underlyings (worst-of) enable more attractive product conditions, but with higher risk 	Barrier Discount Certificate (1210) Market expectation <ul style="list-style-type: none"> Underlying moving sideways or slightly rising Falling volatility Underlying will not breach barrier during product lifetime  Characteristics <ul style="list-style-type: none"> Contains a discount compared to the underlying value Limited profit opportunity (cap) If the underlying is above the strike at maturity or if the barrier has not been touched, the investor receives the maximum redemption amount (cap) When touching the barrier, the product becomes a Discount Certificate (1200) Due to the barrier, the probability of a maximum redemption is higher, but the discount is lower than for a discount certificate (1200) with otherwise identical product conditions Multiple underlyings (worst-of) enable more attractive product conditions, but with higher risk 	Reverse Convertible (1220) Market expectation <ul style="list-style-type: none"> Underlying moving sideways or slightly rising Falling volatility  Characteristics <ul style="list-style-type: none"> The coupon is being paid regardless of the performance of the underlying instrument Limited profit opportunity (cap) If the underlying is above the strike at maturity, the coupon is repaid together with the nominal value If the underlying is below the strike at maturity: delivery underlying and/or cash settlement plus coupon Multiple underlyings (worst-of) enable more attractive product conditions, but with higher risk 	Barrier Reverse Convertible (1230) Market expectation <ul style="list-style-type: none"> Underlying moving sideways or slightly rising Falling volatility Underlying will not breach barrier during product lifetime  Characteristics <ul style="list-style-type: none"> The coupon is being paid regardless of the performance of the underlying instrument Limited profit opportunity (cap) If the underlying is above the strike at maturity or if the barrier has not been touched, the investor receives the maximum redemption amount (cap) When touching the barrier the product becomes a Reverse Convertible (1220) Due to the barrier, the probability of a maximum redemption is higher, but the coupon is lower than for a reverse convertible (1220) with otherwise identical product conditions Multiple underlyings (worst of) enable more attractive product conditions, but with higher risk 	Conditional Coupon Reverse Convertible (1255) Market expectation <ul style="list-style-type: none"> Underlying moving sideways or slightly rising Falling volatility  Characteristics <ul style="list-style-type: none"> Coupon payment depends on conditions Limited profit opportunity (cap) Usually equipped with an autocall trigger: If the underlying is quoted above the autocall trigger on the observation date, the nominal amount plus any coupon is repaid early Multiple underlyings (worst of) enable more attractive product conditions, but with higher risk
12 Yield enhancement	Tracker Certificate (1300) Market expectation <ul style="list-style-type: none"> Rising underlying  Characteristics <ul style="list-style-type: none"> Participation in performance of the underlying Reflects underlying price moves 1:1 (adjusted by conversion ratio and any related fees) Underlying can be managed dynamically 	Outperformance Certificate (1310) Market expectation <ul style="list-style-type: none"> Rising underlying Rising volatility  Characteristics <ul style="list-style-type: none"> Participation in performance of the underlying Disproportionate participation (outperformance) in positive performance above the strike Reflects underlying price moves 1:1 when below the strike 	Bonus Certificate (1320) Market expectation <ul style="list-style-type: none"> Underlying moving sideways or rising Underlying will not breach barrier during product lifetime  Characteristics <ul style="list-style-type: none"> Participation in performance of the underlying Minimum redemption is equal to the nominal provided the barrier has not been breached If the barrier is breached, the product changes into a Tracker Certificate With greater risk, multiple underlyings (worst-of) allow for a higher bonus level or lower barrier 	Bonus Outperformance Certificate (1330) Market expectation <ul style="list-style-type: none"> Rising underlying Underlying will not breach barrier during product lifetime  Characteristics <ul style="list-style-type: none"> Participation in performance of the underlying Disproportionate participation (outperformance) in positive performance above the strike Minimum redemption is equal to the nominal provided the barrier has not been breached If the barrier is breached, the product changes into an Outperformance Certificate With greater risk, multiple underlyings (worst-of) allow for a higher bonus level or lower barrier 	Twin Win Certificate (1340) Market expectation <ul style="list-style-type: none"> Underlying moving sideways or rising Underlying will not breach barrier during product lifetime  Characteristics <ul style="list-style-type: none"> Participation in performance of the underlying Profits possible with rising and falling underlying Falling underlying price converts into profit up to the barrier Minimum redemption is equal to the nominal provided the barrier has not been breached If the barrier is breached, the product changes into a Tracker Certificate With higher risk levels, multiple underlyings (worst-of) allow for a higher bonus level or lower barrier

13 Participation	Tracker Certificate (1300) Market expectation <ul style="list-style-type: none"> Rising underlying  Characteristics <ul style="list-style-type: none"> Participation in performance of the underlying Reflects underlying price moves 1:1 (adjusted by conversion ratio and any related fees) Underlying can be managed dynamically 	Outperformance Certificate (1310) Market expectation <ul style="list-style-type: none"> Rising underlying Rising volatility  Characteristics <ul style="list-style-type: none"> Participation in performance of the underlying Disproportionate participation (outperformance) in positive performance above the strike Reflects underlying price moves 1:1 when below the strike 	Bonus Certificate (1320) Market expectation <ul style="list-style-type: none"> Underlying moving sideways or rising Underlying will not breach barrier during product lifetime  Characteristics <ul style="list-style-type: none"> Participation in performance of the underlying Minimum redemption is equal to the nominal provided the barrier has not been breached If the barrier is breached, the product changes into a Tracker Certificate With greater risk, multiple underlyings (worst-of) allow for a higher bonus level or lower barrier 	Bonus Outperformance Certificate (1330) Market expectation <ul style="list-style-type: none"> Rising underlying Underlying will not breach barrier during product lifetime  Characteristics <ul style="list-style-type: none"> Participation in performance of the underlying Disproportionate participation (outperformance) in positive performance above the strike Minimum redemption is equal to the nominal provided the barrier has not been breached If the barrier is breached, the product changes into an Outperformance Certificate With greater risk, multiple underlyings (worst-of) allow for a higher bonus level or lower barrier 	Twin Win Certificate (1340) Market expectation <ul style="list-style-type: none"> Underlying moving sideways or rising Underlying will not breach barrier during product lifetime  Characteristics <ul style="list-style-type: none"> Participation in performance of the underlying Profits possible with rising and falling underlying Falling underlying price converts into profit up to the barrier Minimum redemption is equal to the nominal provided the barrier has not been breached If the barrier is breached, the product changes into a Tracker Certificate With higher risk levels, multiple underlyings (worst-of) allow for a higher bonus level or lower barrier
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Leverage products

20 Leverage	Warrant (2100) Market expectation <ul style="list-style-type: none"> Warrant (Call): Rising underlying, rising volatility Warrant (Put): Falling underlying, rising volatility  Characteristics <ul style="list-style-type: none"> Small investment generating a leveraged performance relative to the underlying Increased risk of total loss (limited to initial investment) Suitable for speculation or hedging Daily loss of time value (increases as product expiry approaches) Continuous monitoring required 	Spread Warrant (2110) Market expectation <ul style="list-style-type: none"> Spread Warrant (Bull): Rising underlying Spread Warrant (Bear): Falling underlying  Characteristics <ul style="list-style-type: none"> Small investment generating a leveraged performance relative to the underlying Increased risk of total loss (limited to initial investment) Daily loss of time value (increases as product expiry approaches) Continuous monitoring required Limited profit potential (cap) 	Warrant with Knock-Out (2200) Market expectation <ul style="list-style-type: none"> Knock-Out (Call): Rising underlying Knock-Out (Put): Falling underlying  Characteristics <ul style="list-style-type: none"> Small investment generating a leveraged performance relative to the underlying Increased risk of total loss (limited to initial investment) Suitable for speculation or hedging Continuous monitoring required Immediately expires worthless if the barrier is breached during product lifetime Minor influence of volatility and marginal loss of time value 	Mini-Future (2210) Market expectation <ul style="list-style-type: none"> Mini-Future (Long): Rising underlying Mini-Future (Short): Falling  Characteristics <ul style="list-style-type: none"> Small investment generating a leveraged performance relative to the underlying Increased risk of total loss (limited to initial investment) Suitable for speculation or hedging Continuous monitoring required A residual value is redeemed following a Stop-Loss Event No influence of volatility 	Constant Leverage-Certificate (2300) Market expectation <ul style="list-style-type: none"> Long: Rising underlying Short: Falling underlying  Characteristics <ul style="list-style-type: none"> Small investment generating a leveraged performance relative to the underlying Increased risk of total loss (limited to initial investment) A potential stop loss and/or adjustment mechanism prevents the value of the product from becoming negative Frequent shifts in direction of the price of the underlying have a negative effect on the product performance Resetting on a regular basis ensures a constant leverage Continuous monitoring required
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14 Investment products with additional credit risk	Credit linked Note (1400) A credit linked note falls into the asset class of credit derivatives or structured products and is therefore also referred to as a synthetic corporate bond, which makes the credit risk of a selected debtor „investable“. The investor acts as an insurer for which he receives a periodic premium (coupon payment). In return, the investor bears the risk of a credit event which, if it occurs, can jeopardize further coupon payments and the repayment of all or part of the principal. The solvency of the reference debtor is therefore decisive. In contrast to an equity investment, repayment is not affected by market volatility or the influence of bad news - as long as no credit event occurs.
	Conditional Capital Protection Note with additional credit risk (1410) <ul style="list-style-type: none"> Rising underlying Sharply falling underlying possible No credit event of the reference entity The product value can fall below conditional capital protection during its lifetime, among other things due to a negative assessment of reference issuer creditworthiness Conditional capital protection only applies to the nominal and not the purchase price Participation in performance of the underlying, provided a reference entity credit event has not occurred The product allows higher yield at greater risk
Yield Enhancement Certificate with additional credit risk (1420) <ul style="list-style-type: none"> Underlying moving sideways or slightly rising Falling volatility of the underlying No credit event of the reference entity If the underlying is lower than the exercise price upon maturity, the underlying is delivered and/or a cash settlement is made, provided that no credit event of the reference entity has occurred If the underlying is higher than the exercise price upon maturity, the nominal is repaid, provided that no credit event of the reference entity has occurred Depending on the characteristics of the product, either a coupon or a discount to the underlying can apply A coupon is paid out regardless of the performance of the underlying, provided that no credit event of the reference entity has occurred In addition, the product can feature a barrier With greater risk, multiple underlyings (Worst-of) allow for higher coupons, larger discounts, or lower barriers Limited Profit Potential (cap) The product allows higher yield at greater risk 	
Participation Certificate with additional credit risk (1430) <ul style="list-style-type: none"> Rising underlying No credit event of the reference entity The product value can fall during its lifetime, among other things due to a negative assessment of reference entity creditworthiness Participation in performance of the underlying, provided a reference entity credit event has not occurred In addition, the product can feature a barrier The product allows higher yield at greater risk 	

Additional features Categorization can be more closely defined as follows: Asian Option Uses the average underlying price over a number of predefined periods (monthly, quarterly, annually) rather than the price at a specific time. Autocallable If, on an observation day, the price of the underlying is either on or above (bull), or, on or below (bear) a previously defined barrier („autocall trigger“), the product is redeemed prior to maturity. Bearish The product benefits from falling prices. Callable The issuer has the right to cancel early, however, there is no obligation to do so. Capped Participation The product has a maximum yield and a minimum redemption price. Conditional Coupon A scenario exists where the coupon is not repaid (also: coupon at risk). COSI The issuer of Collateral Secured Instruments provides SIX Swiss Exchange with collateral covering their current value. For the investor this means protection in case of issuer default. European Barrier Only the last-day closing price is relevant for monitoring the barrier. Invers The product performs in inverse proportion to the underlying. Lock-In If the lock-in level is reached, repayment is at least in a preassigned amount regardless of future development of the underlying price. Look-back Barrier and/or strike are set with a time delay (Look-back phase). Outperformance Outperformance Certificates allow clients to participate disproportionately in the positive performance of the underlying upon maturity. Partial Capital Protection Capital protection is between 90% and 100% of the nominal value. Participation This indicates to what proportion the investor profits from the price performance of the underlying asset. This can be 1:1, over- or underproportional. Puttable The investor has the right to return the product to the issuer on certain days during the term. Variable Coupon The coupon amount can vary, depending on a predefined scenario.
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