



# Structured Products Value Creation Q4 2020

January 2021

# Executive Summary

## Turnover for Swiss structured products of the major SSPA members amounted to CHF 79 bn in Q4 2020

- Compared to the prior-year quarter, turnover decreased by 8% in Q4 2020 to CHF 79 bn
- The turnover for the entire year 2020 of CHF 368 bn was CHF 16 bn higher compared to 2019 (CHF 352 bn), representing year-on-year growth of 4%

## Yield enhancement products leading, leverage products grew to become second largest product group

- A decline in turnover of CHF 5 bn to CHF 40 bn caused the total turnover share of yield enhancement products to decrease to 50% (prior year: 52%)
- Nominal turnover of leverage products rose from CHF 15 bn to CHF 19 bn quarter-on-quarter, resulting in a turnover share of 24% (prior year: 17%). Consequently, leverage products replaced participation products (16% in Q4 2020) as second largest product group regarding turnover (prior year participation products: 19%)
- In Q4 2020, the turnover of capital protection products shrank to CHF 7 bn (prior year: CHF 10 bn)
- For the full year 2020, yield enhancement products led with a turnover share of 46%, leverage and participation products stood at 27% and 14% respectively

## Equity and foreign exchange asset classes maintained leading position

- Despite a turnover decrease of CHF 3 bn to CHF 45 bn in Q4 2020, the turnover share of equity products grew slightly to 57% (prior year: 56%)
- Nominal turnover of foreign exchange products decreased in Q4 2020 from CHF 23 bn to CHF 21 bn, turnover share held constant at 27%
- In 2020, equity was the most important asset class with a 56% turnover share, followed by foreign exchange with 24% and fixed income with 11%

## Turnover shares of non-listed and listed products similar to prior year

- Non-listed products amounted to 64% of total turnover in Q4 2020 (prior year: 65%), listed products had a turnover share of 36% (prior year: 35%)
- Over the course of 2020, non-listed products slightly gained market share, now representing 65% of total turnover (prior year: 63%)

## Primary market with the highest turnover share

- Nominal turnover of the primary market fell by CHF 6 bn to CHF 41 bn in Q4 2020, which translated into 53% of total turnover (prior year: 55%)
- In 2020, the secondary market increased its turnover share to 49% (prior year 45%), the turnover of the primary market was 51% (prior year: 55%)

## With a turnover share of 88% USD, EUR and CHF remained the main currencies

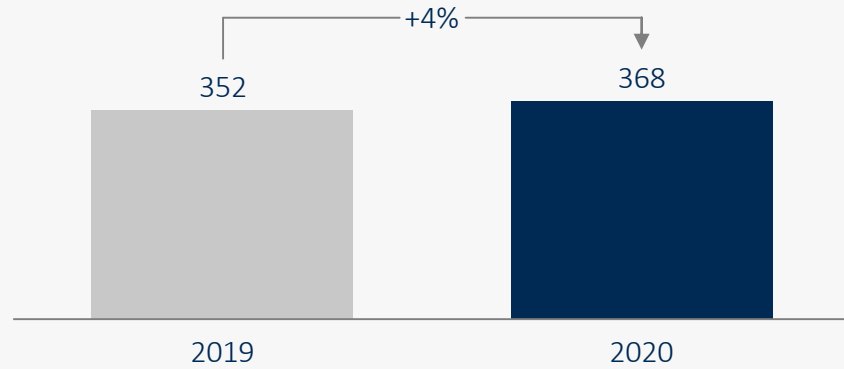
- Comparing Q4 2019 and Q4 2020, the CHF lost 5 percentage points of turnover share resulting in 12% (prior year: 17%), the USD and EUR increased to 40% and 34%
- For the full year, the turnover share of the three main currencies stayed at 88%, USD represented the highest share with 40%, EUR and CHF stood at 35% and 13%

**Note:** Numbers are commercially rounded. Potential changes were applied retroactively to 2019 data.

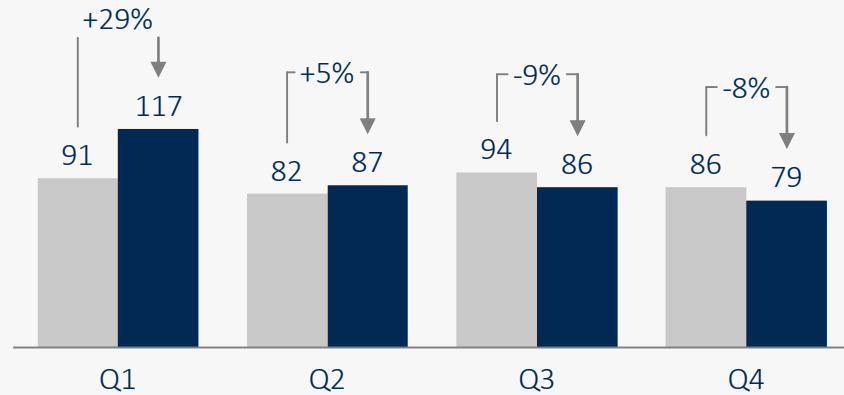
# Overall turnover development of structured products in 2019 and 2020

Turnover in respective time frame in CHF bn

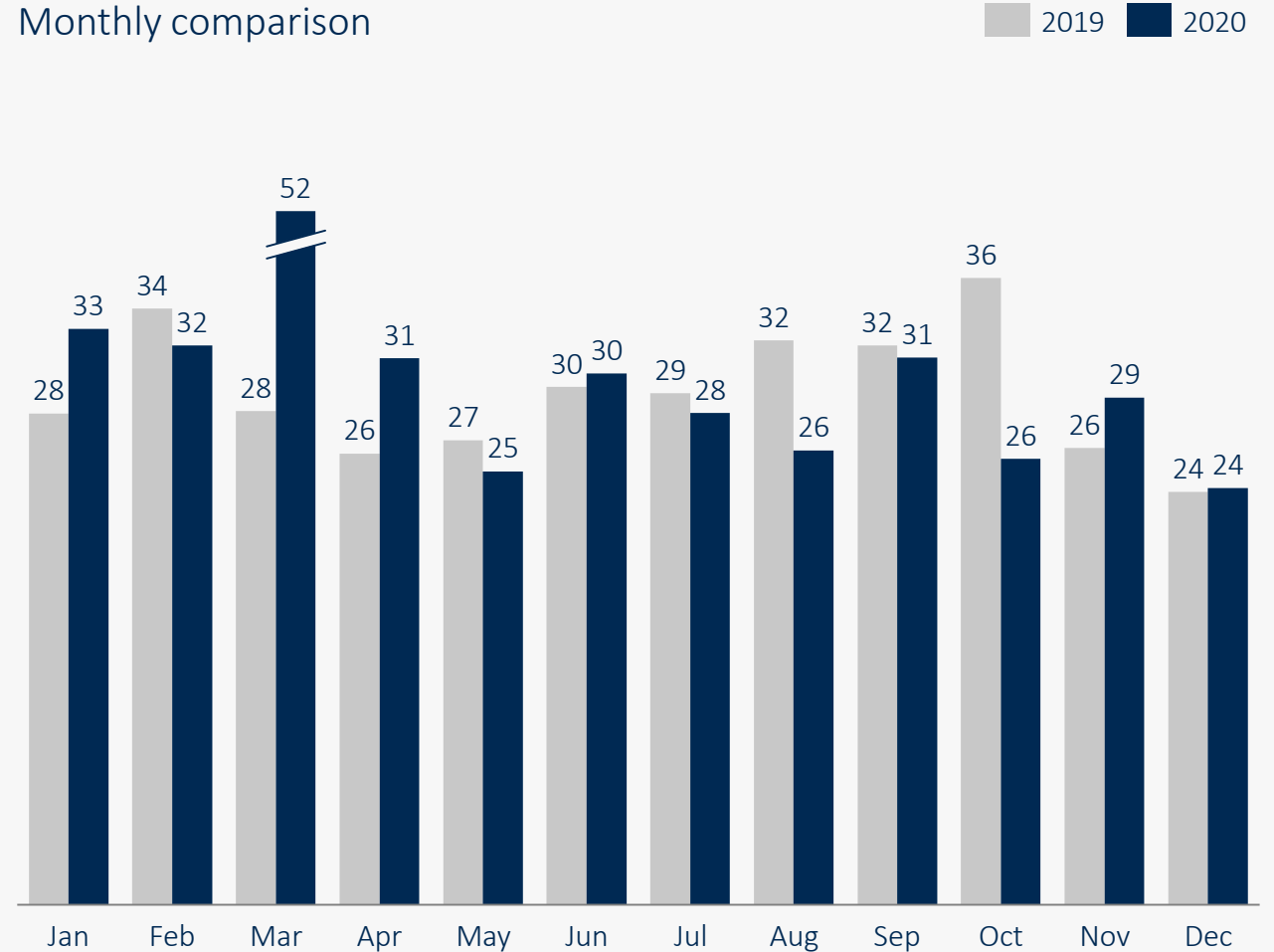
### Yearly comparison



### Quarterly comparison



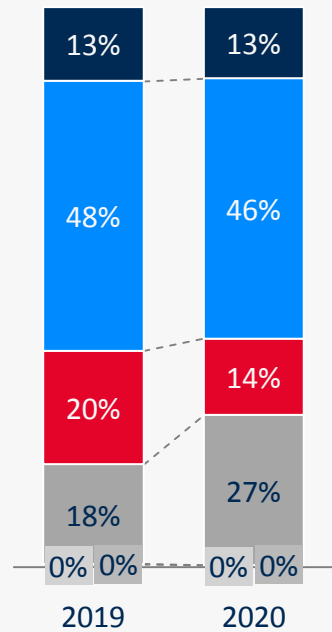
### Monthly comparison



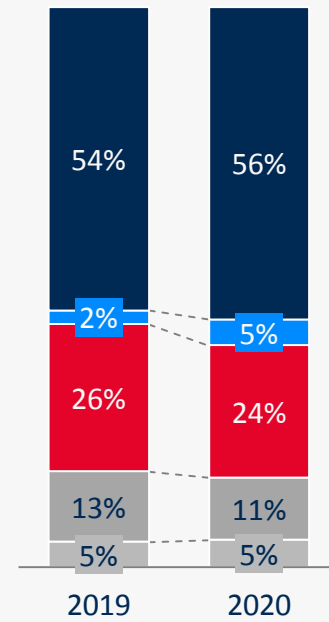
Source: Data collected monthly from SSPA member institutes.

# Overall turnover development of structured products in 2019 and 2020

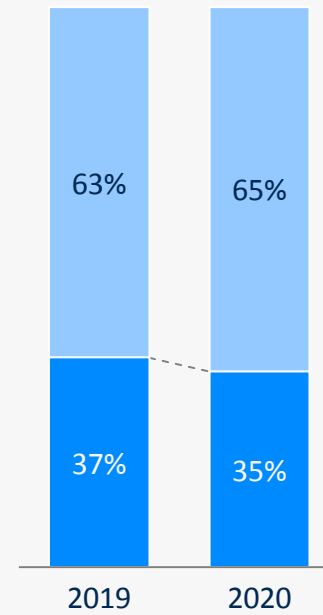
Product group



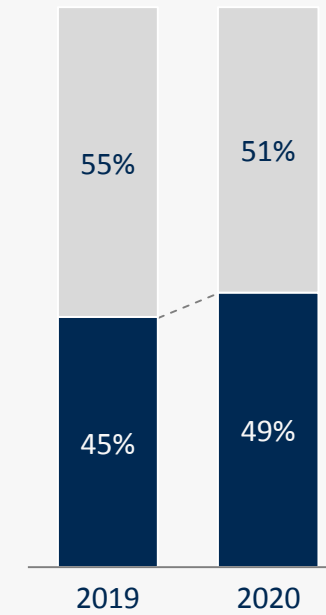
Asset class



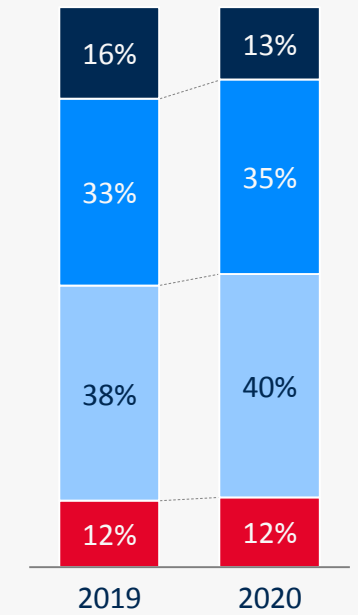
Trade type



Market



Currency



- Capital Protection
- Yield Enhancement
- Participation
- Leverage
- With reference entities
- Other

- Equity
- Commodities
- Foreign Exchange
- Fixed income/credit
- Other

- Non-listed
- Listed

- Primary
- Secondary

- CHF
- EUR
- USD
- Other

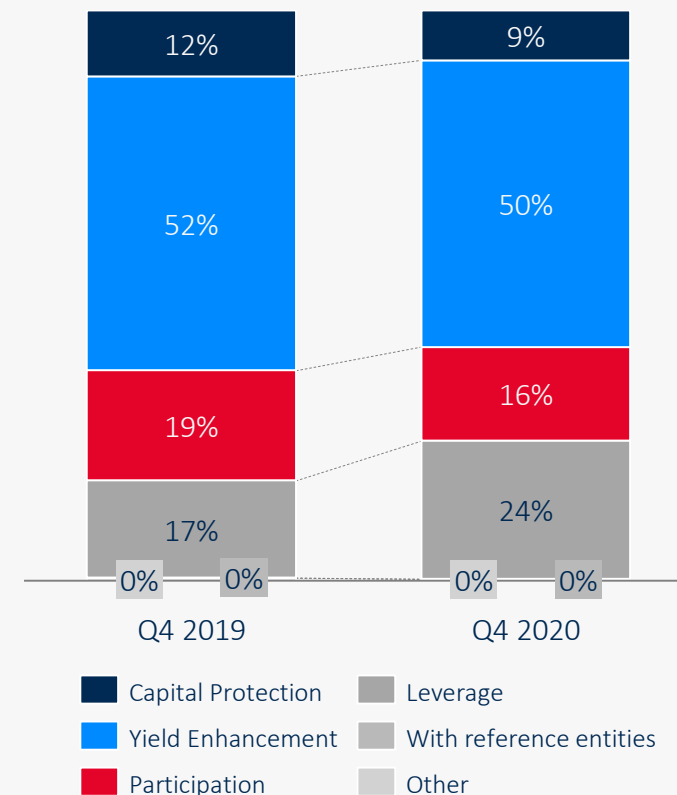
Source: Data collected monthly from SSPA member institutes.

# Turnover of structured products split by product group

## Split by product group

Product group	Q4	Turnover		Transactions	
		in CHF bn	in %	# in k	in %
Capital Protection	2019	9.9	11.5%	38	1.3%
	2020	6.8	8.7%	3	0.1%
Yield Enhancement	2019	44.2	51.6%	157	5.5%
	2020	39.5	50.3%	188	3.9%
Participation	2019	16.6	19.4%	113	4.0%
	2020	12.9	16.4%	135	2.8%
Leverage	2019	14.6	17.0%	2,522	89.1%
	2020	19.1	24.3%	4,514	93.2%
With reference entities	2019	0.1	0.1%	1	0.0%
	2020	0.0	0.0%	0	0.0%
Other	2019	0.4	0.5%	1	0.0%
	2020	0.2	0.3%	1	0.0%
Total	2019	85.8	100.0%	2,831	100.0%
	2020	78.5	100.0%	4,842	100.0%

## Quarterly turnover split



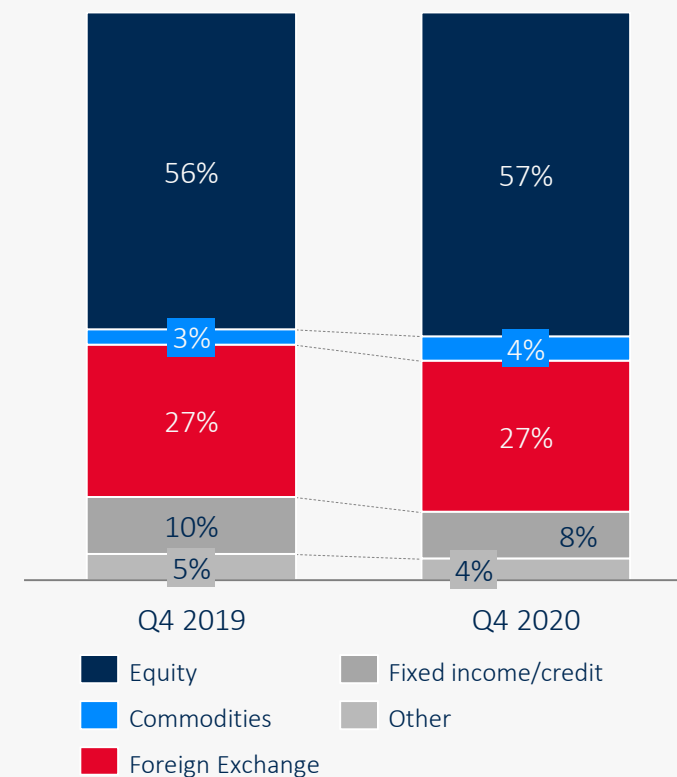
Source: Data collected monthly from SSPA member institutes.

# Turnover of structured products split by asset class

## Split by asset class

Asset class	Q4	Turnover		Transactions	
		in CHF bn	in %	# in k	in %
Equity	2019	47.9	55.8%	2,373	83.8%
	2020	44.7	57.0%	4,148	85.7%
Commodity	2019	2.3	2.7%	319	11.3%
	2020	3.4	4.3%	547	11.3%
Foreign Exchange	2019	23.0	26.8%	86	3.0%
	2020	20.9	26.7%	120	2.5%
Fixed Income/ Credit	2019	8.7	10.1%	9	0.3%
	2020	6.5	8.2%	9	0.2%
Other	2019	4.0	4.6%	44	1.6%
	2020	3.0	3.8%	17	0.4%
Total	2019	85.8	100.0%	2,831	100.0%
	2020	78.5	100.0%	4,842	100.0%

## Quarterly turnover split





# Turnover of structured products split by trade type and market

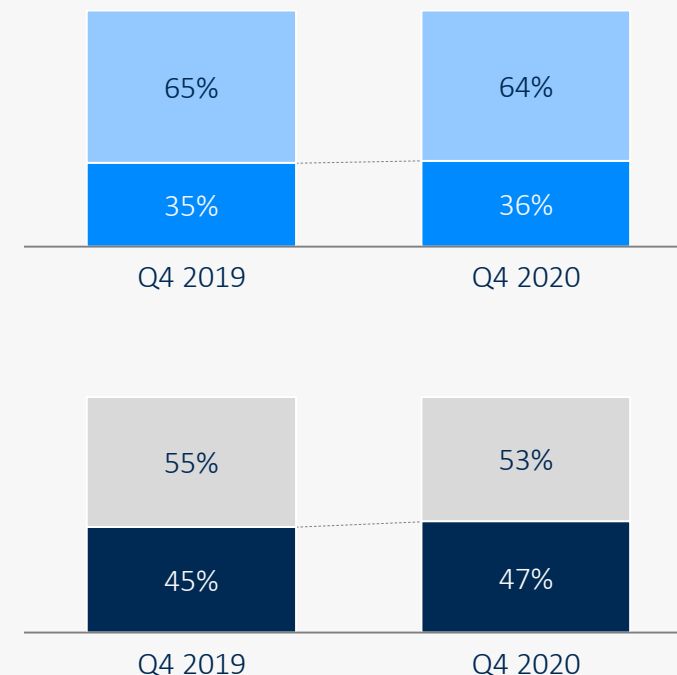
## Split by trade type and market

Trade type	Q4	Turnover		Transactions	
		in CHF bn	in %	# in k	in %
Non-listed	2019	55.4	64.6%	506	17.9%
	2020	50.0	63.7%	1,128	23.3%
Listed	2019	30.4	35.4%	2,325	82.1%
	2020	28.5	36.3%	3,714	76.7%

Market	Q4	Turnover		Transactions	
		in CHF bn	in %	# in k	in %
Primary	2019	47.2	55.1%	78	2.7%
	2020	41.4	52.8%	81	1.7%
Secondary	2019	38.5	44.9%	2,753	97.3%
	2020	37.1	47.2%	4,761	98.3%
Total	2019	85.8	100.0%	2,831	100.0%
	2020	78.5	100.0%	4,842	100.0%

## Quarterly turnover split

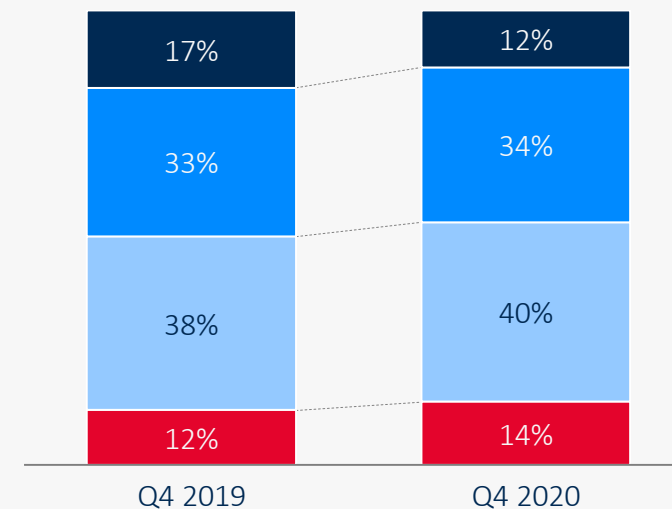


# Turnover of structured products split by investment currency

## Split by investment currency

Investment currency	Q4	Turnover		Transactions	
		in CHF bn	in %	# in k	in %
CHF	2019	14.5	16.9%	262	9.2%
	2020	9.8	12.4%	386	8.0%
EUR	2019	28.1	32.7%	1,831	64.7%
	2020	26.8	34.1%	3,450	71.3%
USD	2019	32.8	38.2%	59	2.1%
	2020	31.0	39.5%	79	1.6%
Other	2019	10.4	12.1%	680	24.0%
	2020	11.0	14.0%	927	19.1%
Total	2019	85.8	100.0%	2,831	100.0%
	2020	78.5	100.0%	4,842	100.0%

## Quarterly turnover split





# Data collection methods and definitions (I/II)

## Data collection and verification

### Issuers provide data on monthly basis

#### Requested data points include

- Product group
- Asset class
- Trade type
- Market
- Investment currency
- Transactions
- Turnover in investment currency
- Turnover in CHF

#### Data verification

- Selected data points are verified during the data collection process and checked against historical data

## Product groups<sup>1</sup> (I/II)

### Capital protection products

- Capital Protection Certificate with Participation (1100)
- Barrier Capital Protection Certificate (1130)
- Capital Protection Certificate with Twin Win (1135)
- Capital Protection Certificate with Coupon (1140)

### Yield enhancement products

- Discount Certificate (1200)
- Barrier Discount Certificate (1210)
- Reverse Convertible (1220)
- Barrier Reverse Convertible (1230)
- Express Certificate without Barrier (1255)
- Express-Barrier Certificate (1260)

## 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)

### Leverage products

- Warrant (2100)
- Spread Warrant (2110)
- Warrant with Knock-Out (2200)
- Mini-Future (2210)
- Constant Leverage Certificate (2300)

### Products with reference entities

- Credit linked Note (1400)
- Reference Entity Certificate with Conditional Capital Protection (1410)
- Reference Entity Certificate with Yield Enhancement (1420)
- Reference Entity Certificate with Participation (1430)

### Other products

- Miscellaneous Certificates (9999)

# Data collection methods and definitions (II/II)

## Market

### Primary

- Product volume of products newly issued on primary market

### Secondary

- Product volume of products traded on secondary markets (e.g. stock exchanges)

## Asset class

### Equity

- Stocks, shares of ownership in publicly held companies

### Commodities

- Goods traded on a commodity exchange

### Foreign Exchange

- Foreign exchange

### 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>1</sup>

### Listed

- Products listed on exchanges

### Non-listed

- Products not listed on 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. Including primary and secondary market.

# Appendix

## **Issued by**

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## **Participating banks**

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UBS

Vontobel

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**Data as of December 31, 2020.**

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