



**SVSP**

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

# Structured Products Value Creation - Q3 2018

Swiss Structured Products Association - SSPA

**BCG**

THE BOSTON CONSULTING GROUP

OCTOBER 2018

# Executive summary<sup>1</sup>

## Turnover for Swiss structured products of the major SSPA members amounted to CHF 76 bn in Q3 2018:

- Total turnover of CHF 76 bn is CHF 11 bn higher than in Q3 2017; growth rate compared to the previous year was 17%
- Turnover growth of the first nine months of 2018 amounted to 22% compared to the prior-year period

## Yield enhancement and leverage products dominating, shares shifted compared to previous year:

- With 47%, yield enhancement products accounted for approximately half of the total turnover in Q3 2018, declining from 57% in Q3 2017; seeing a turnover growth of 48% compared to Q3 2017, leverage products constituted the second-largest product group with 21% of the total turnover in Q3 2018
- Driven by a turnover increase of 62% year-on-year, the share of participation products increased to 17% in Q3 2018 from 12% in Q3 2017
- Capital protection products made up 15% in Q3 2018, with their turnover growing by 28% compared to Q3 2017
- Leverage products represented again the vast majority of all structured products transactions with a share of 92%

## Equity and Foreign Exchange asset classes still dominating the turnover; decreasing share of Foreign Exchange:

- With 53%, Equity products represented again the largest portion of total turnover in Q3 2018, growing by 29% compared to previous year; the share of Foreign Exchange products on the other hand decreased from 34% to 27% compared to the share in Q3 2017
- Due to a turnover increase by 33%, Fixed Income products increased their share to 15% (previous year: 13%)

## Swiss structured products market still mostly defined by non-listed products, nominally increasing with decreasing turnover share:

- Non-listed products constituted about 67% of turnover in Q3 2018; although nominally increasing by 10% from CHF 46 bn to CHF 51 bn compared to Q3 2017, the turnover share decreased by 4 percentage points

## Primary market with slightly increasing turnover, but decreasing turnover share:

- Despite nominally increasing from CHF 42 bn in Q3 2017 to CHF 44 bn, the primary market lost 6 percentage points of turnover share (59%) compared to previous year, due to strong growth of the secondary market (CHF 31 bn relative to CHF 23 bn in Q3 2017)
- The secondary market comprised around 98% of all transactions in Q3 2018, with the number of transactions growing by 84% compared to Q3 2017

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

- USD is again the predominant currency in Q3 2018 with a share of 38%, but it lost 10 percentage points compared to previous year (48%)
- The share of EUR increased by 8 percentage points to 32%, while CHF reached the same level of 16% as in Q3 2017

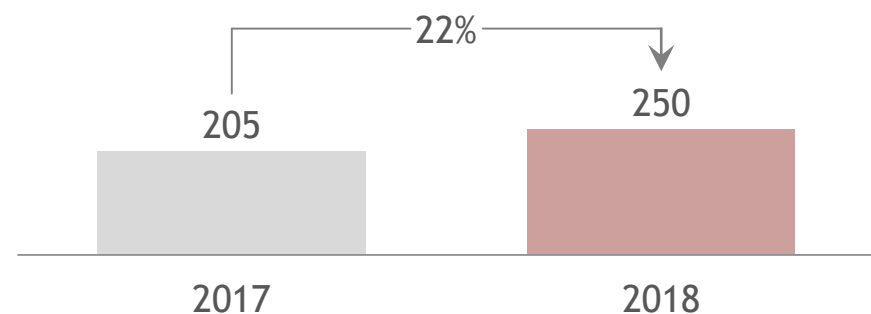
1. Numbers are commercially rounded. Compared to the preceding report, several participating banks were able to improve their data analyses. These changes were applied retroactively also to the 2017 data

# Overall turnover development of structured products in 2017 and 2018

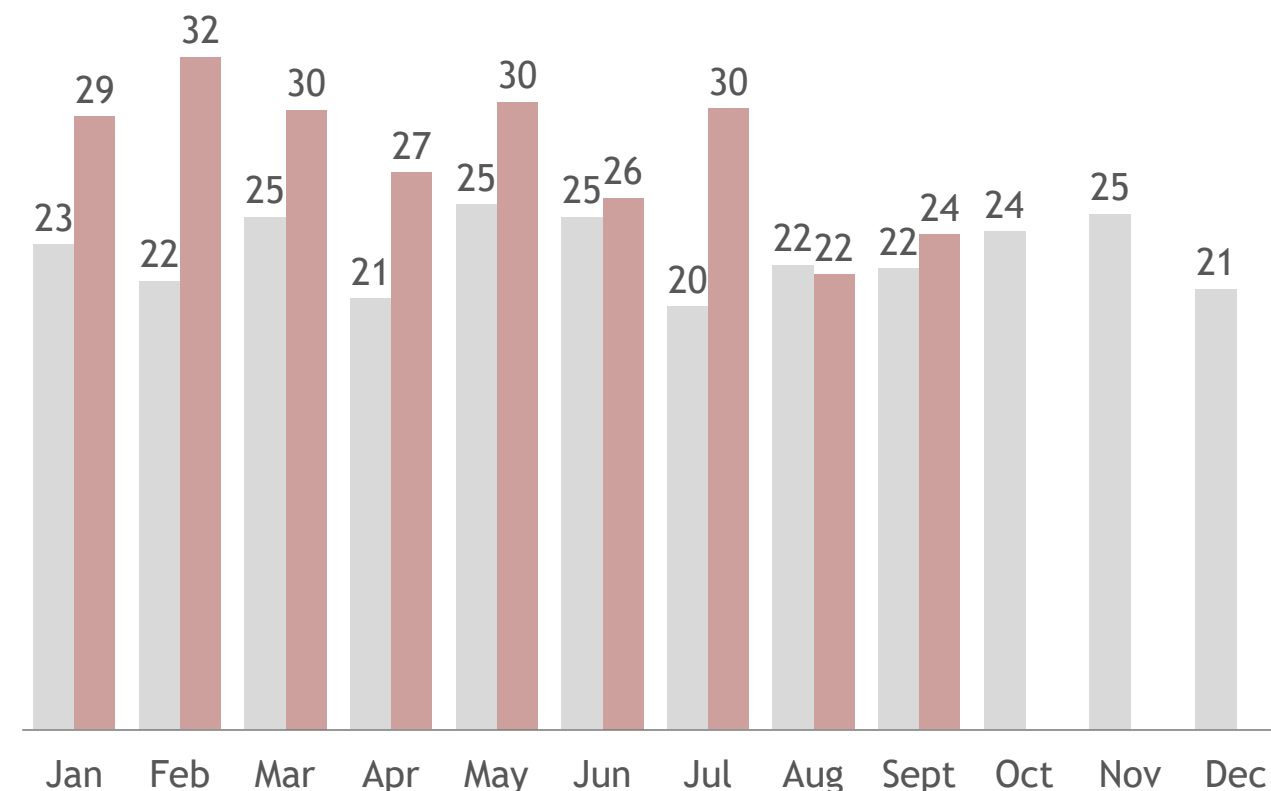
Turnover in respective time frame in CHF bn

2017 2018

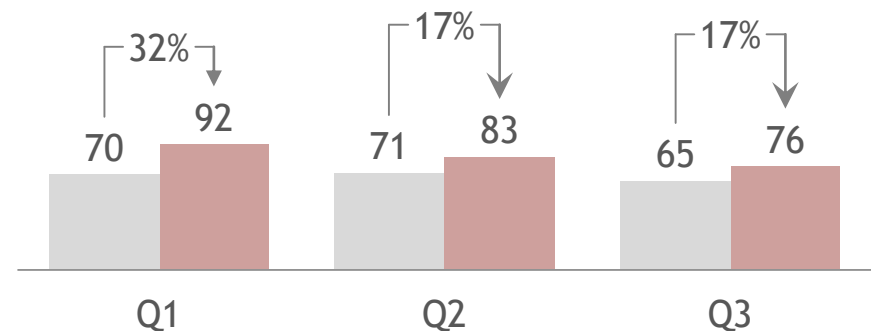
## Year-to-date Q1 - Q3



## Monthly comparison



## Quarterly comparison



Source: Data collected monthly from SSPA member institutes

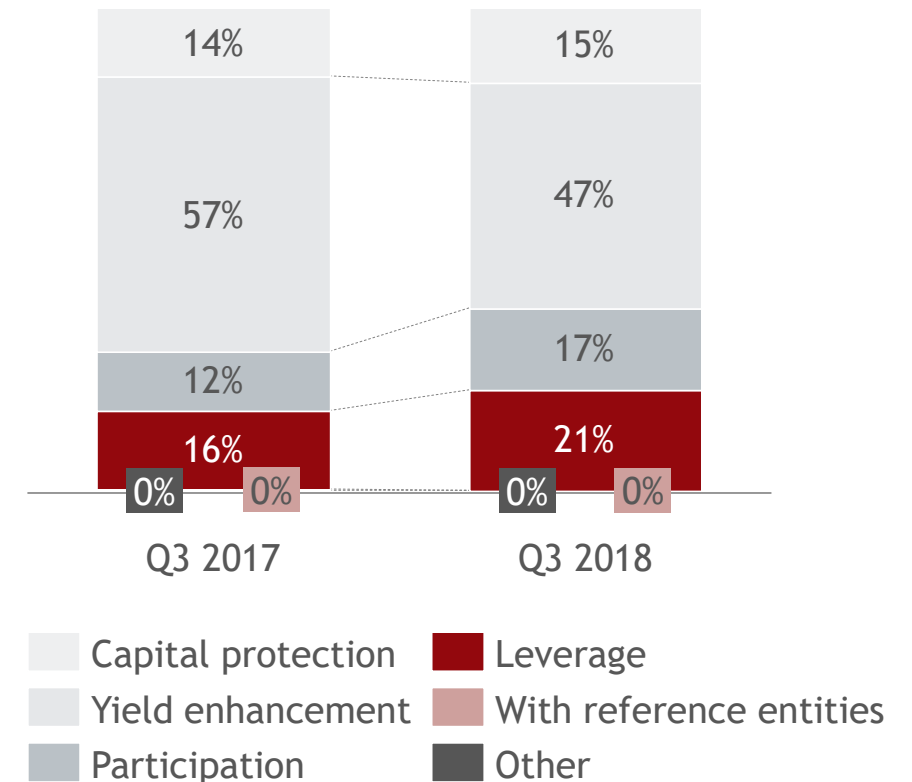
# Turnover of structured products split by product group

Turnover in respective time frame in CHF bn

## Split by product group

Product group		Turnover		Transactions	
		CHF	in %	#	in %
Capital protection	Q3 2017	9.1	14.1%	20'169	1.4%
	Q3 2018	11.7	15.4%	3'847	0.1%
Yield enhancement	Q3 2017	36.9	57.0%	118'823	8.0%
	Q3 2018	35.2	46.7%	126'592	4.7%
Participation	Q3 2017	7.8	12.0%	51'990	3.5%
	Q3 2018	12.6	16.8%	87'517	3.3%
Leverage	Q3 2017	10.6	16.4%	1'290'088	87.0%
	Q3 2018	15.7	20.8%	2'456'459	91.8%
With reference entities	Q3 2017	0.1	0.1%	1'089	0.1%
	Q3 2018	0.0	0.1%	795	0.0%
Other	Q3 2017	0.3	0.5%	849	0.1%
	Q3 2018	0.2	0.3%	528	0.0%
Total	Q3 2017	64.8	100.0%	1'483'008	100.0%
	Q3 2018	75.5	100.0%	2'675'738	100.0%

## Turnover split



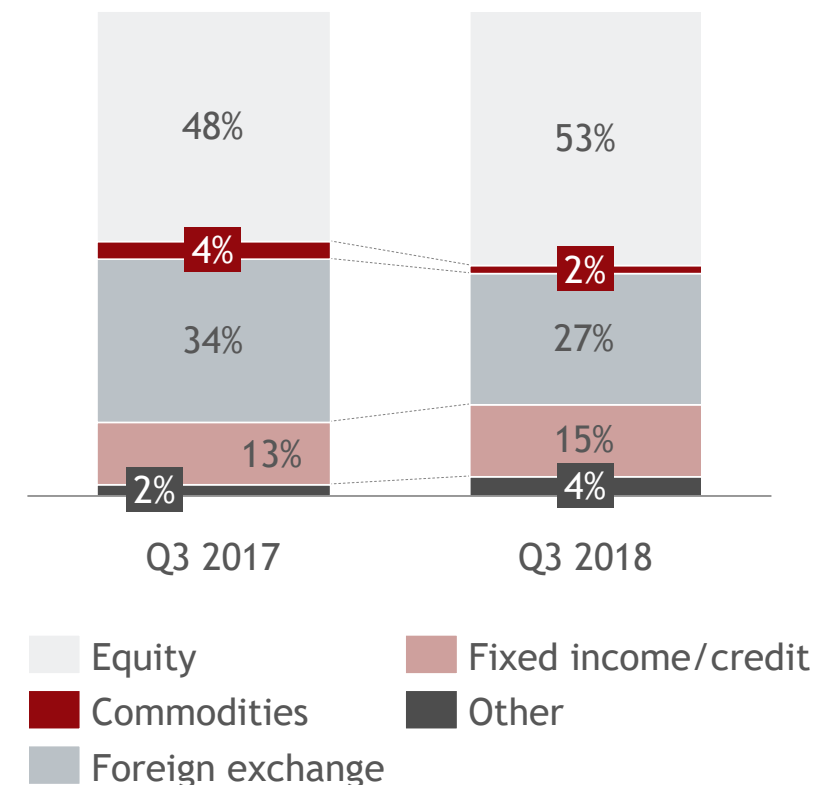
# Turnover of structured products split by asset class

Turnover in respective time frame in CHF bn

## Split by asset class

Asset class		Turnover		Transactions	
		CHF	in %	#	in %
Equity	Q3 2017	30.8	47.6%	1'202'713	81.1%
	Q3 2018	39.7	52.6%	2'384'080	89.1%
Commodity	Q3 2017	2.3	3.5%	198'986	13.4%
	Q3 2018	1.3	1.7%	186'077	7.0%
Foreign Exchange	Q3 2017	21.8	33.7%	57'103	3.9%
	Q3 2018	20.3	26.9%	87'049	3.3%
Fixed Income/ Credit	Q3 2017	8.3	12.9%	11'015	0.7%
	Q3 2018	11.1	14.7%	11'451	0.4%
Other	Q3 2017	1.5	2.3%	13'191	0.9%
	Q3 2018	3.1	4.1%	7'081	0.3%
Total	Q3 2017	64.8	100.0%	1'483'008	100.0%
	Q3 2018	75.5	100.0%	2'675'738	100.0%

## Turnover split

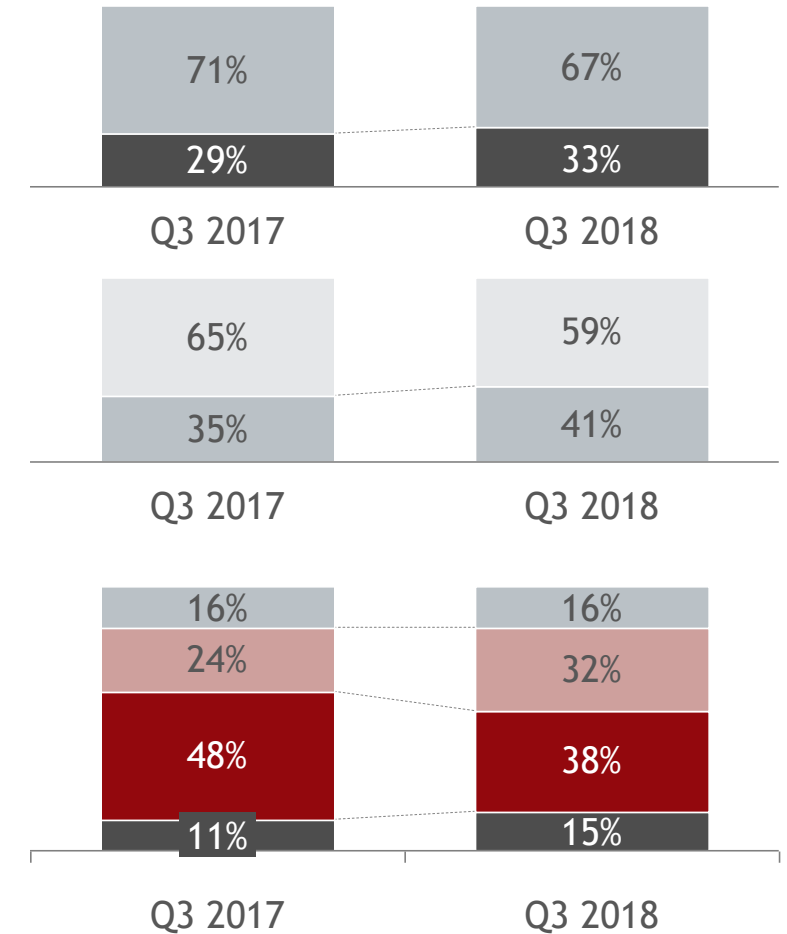


# Turnover of structured products split by trade type, market & currency

Turnover in respective time frame in CHF bn

	Turnover in Q3 2018		Transactions in Q3 2018		
	CHF	in %	#	in %	
Trade type	Non-listed	50.6	67.0%	224'916	8.4%
	Listed	24.9	33.0%	2'450'822	91.6%
Market	Primary	44.3	58.7%	62'355	2.3%
	Secondary	31.2	41.3%	2'613'383	97.7%
Investment currency	CHF	12.0	15.9%	235'891	8.8%
	EUR	23.9	31.6%	1'653'036	61.8%
	USD	28.5	37.8%	52'262	2.0%
	Other	11.1	14.7%	734'548	27.5%
	<b>Total</b>	<b>75.5</b>	<b>100.0%</b>	<b>2'675'738</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 a 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 the primary market for products manufactured in Switzerland

Secondary

- Product volume traded on the secondary market (e.g., stock exchanges) for products manufactured in Switzerland

## Asset class

Equity

- I.e., stocks, shares of ownership in publicly held companies

Commodity

- Goods traded on a commodity exchange

FX

- Foreign Exchange (incl. structured deposits)

Fixed Income / Credit

- Assets for which interest payments or periodic income is received on a regular basis

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 taken into account
- Origin of customer (i.e. domestic vs. international) not taken into account
- Third-party market transactions are not taken into account

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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Published quarterly in more detail

## Participating banks

Banque Cantonale Vaudoise  
Barclays Capital  
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Raiffeisen Schweiz  
Raiffeisen  
UBS  
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Data as of September 30, 2018.

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