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.

1	2	3	4	**5**	6	7

Lower risk ⟵ ⟶ Higher risk

⚠ 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.svsp-verband.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

Compendium – also available in German

Leporello

Definition

Additional features	Additional features help refine the Swiss Structured Products Association (SSPA) categorization model. One asterisk next to a structured product's product type number in the product index denotes a slight deviation from the respective product type. Go to the SSPA website www.svsp-verband.ch for more detailed information on additional features.
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).
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.
Capital protection certificate	Issuers of capital protection certificates provide capital protection, i.e. assured payment of a specific amount, set by the issuer on issue and paid out on the date of repayment. Capital protection certificates have protection of at least 90% of the nominal.
Conditional capital protection	Conditional capital protection indicates that capital protection is linked to a condition which might be the non-occurrence of a credit event or that a barrier has not been breached.
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.
Credit event	This refers to the debtor's inability to repay a creditor's loan. One or more of the following events are classified as credit events: reference issuer insolvency; non-payment by reference issuer; potential early debt maturity; early debt maturity; non-recognition or postponement of payment obligation by the reference issuer; debt restructuring.
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.
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 diagram	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.
PRIIP / KID	PRIIP (Packaged Retail and Insurance-based Investment Products) = EU Regulation; investors receive the information they require to make an informed investment decision in Key Information Documents (KIDs).
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 issuer	The debtor for a reference loan.
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).
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.
Structured products	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.
Underlying	The asset on which a structured product is based. Examples include stocks, indexes, currencies, commodities, interest rates, bonds, etc.
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.

Categorization 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**

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

SIX STRUCTURED PRODUCTS

derivativepartners

SSPA SWISS DERIVATIVE MAP 2019

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Discover the potential.

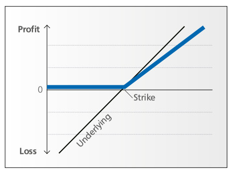
STRUCTURED PRODUCTS

INVESTMENT PRODUCTS

11 CAPITAL PROTECTION

Capital Protection Certificate with Participation (1100)

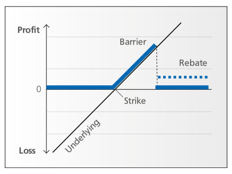
Market expectation
- Rising underlying
- Rising volatility
- Sharply falling underlying possible



Characteristics
- 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

Barrier Capital Protection Certificate (1130)

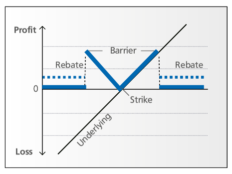
Market expectation
- Rising underlying
- Sharply falling underlying possible
- Underlying is not going to touch or breach the barrier during product lifetime



Characteristics
- 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
- 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 Certificate with Twin-Win (1135)

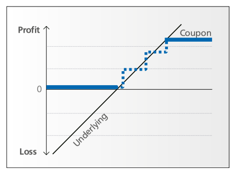
Market expectation
- Slightly rising or slightly falling underlying
- Sharp movements of the underlying possible
- Underlying will not touch or breach up-per or lower barrier during product lifetime



Characteristics
- 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 its capital protection during the lifetime
- Redemption at expiry equivalent to capital protection if upper or lower barrier is breached
- Possibility of rebate payment once lower or upper barrier breached
- Limited profit opportunity

Capital Protection Certificate with Coupon (1140)

Market expectation
- Rising underlying
- Sharply falling underlying possible

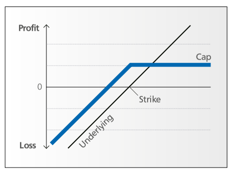


Characteristics
- Minimum redemption at expiry equivalent to the capital protection
- Capital protection is defined as a percentage of the nominal (e.g. 100%)
- Capital protection refers to the nominal only, and not to the purchase price
- Value of the product may fall below the capital protection during its lifetime
- The coupon amount is dependent on the performance of the underlying
- Periodic coupon payment is expected
- Limited profit opportunity

12 YIELD ENHANCEMENT

Discount Certificate (1200)

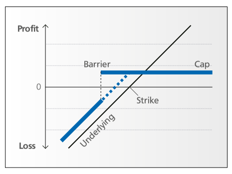
Market expectation
- Underlying moving sideways or slightly rising
- Falling volatility



Characteristics
- Should the underlying close below the strike on expiry, the underlying and/or a cash amount is redeemed
- Discount Certificates enable investors to acquire the underlying at a lower price
- Corresponds to a buy-write strategy
- With higher risk levels, multiple underlyings ("Worst-of") allow for higher discounts
- Limited profit opportunity (cap)

Barrier Discount Certificate (1210)

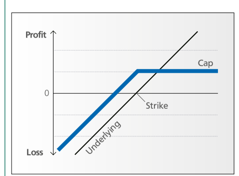
Market expectation
- Underlying moving sideways or slightly rising
- Falling volatility
- Underlying will not breach barrier during product lifetime



Characteristics
- Maximum redemption amount (cap) is paid out if the barrier is never breached
- Barrier Discount Certificates enable investors to acquire the underlying at a lower price
- Due to the barrier, the probability of maximum redemption is higher; the discount, however, is smaller than for a Discount Certificate
- If the barrier is breached, the product changes into a Discount Certificate
- With higher risk levels, multiple underlyings ("Worst-of") allow for higher discounts or lower barriers
- Limited profit potential (cap)

Reverse Convertible (1220)

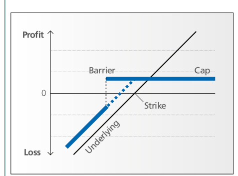
Market expectation
- Underlying moving sideways or slightly rising
- Falling volatility



Characteristics
- If the underlying closes below the strike on expiry, the underlying and/or a cash amount is redeemed
- If the underlying closes above the strike at expiry, the nominal plus the coupon is paid at redemption
- The coupon is paid regardless of the performance of the underlying
- With higher risk levels, multiple underlyings ("Worst-of") allow for higher coupons
- Limited profit potential (cap)

Barrier Reverse Convertible (1230)

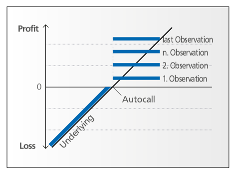
Market expectation
- Underlying moving sideways or slightly rising
- Falling volatility
- Underlying will not breach barrier during product lifetime



Characteristics
- Maximum redemption amount (cap) paid out if barrier is never breached
- Due to the barrier, the probability of maximum redemption is higher; the coupon, however, is smaller than for a Reverse Convertible
- If the barrier is breached, the product changes into a Reverse Convertible
- The coupon is paid regardless of the performance of the underlying
- With higher risk levels, multiple underlyings ("Worst-of") allow for higher coupons or lower barriers
- Limited profit potential (cap)

Express Certificate without Barriers (1255)

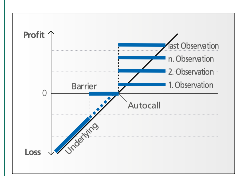
Market expectation
- Rising or slightly rising underlying
- Decreasing volatility



Characteristics
- If the underlying trades above the Autocall Trigger on the observation date, nominal plus coupon is paid
- Offers the possibility of early redemption with a coupon
- With higher risk levels, multiple underlyings ("Worst-of") allow for higher coupons
- Limited profit opportunity (Cap)

Barrier Express Certificate (1260)

Market expectation
- Rising or slightly rising underlying
- Decreasing volatility
- Underlying will not breach barrier during product lifetime

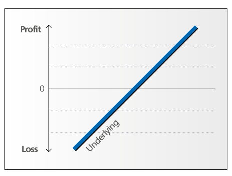


Characteristics
- If the underlying trades above the Autocall Trigger on the observation date, nominal plus coupon is paid
- Offers the possibility of early redemption with a coupon
- If there is no early redemption and the underlying trades above the barrier, nominal is repaid
- With higher risk levels, multiple underlyings (Worst-of) allow for higher coupons or lower barriers
- Limited profit opportunity (Cap)

13 PARTICIPATION

Tracker Certificate (1300)

Market expectation
- Rising underlying



Characteristics
- Participation in performance of the underlying
- Reflects underlying price moves 1:1 (adjusted by conversion ratio and any related fees)

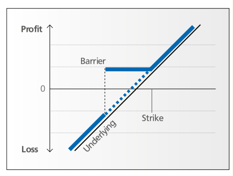
Outperformance Certificate (1310)

Market expectation
- Rising underlying
- Rising volatility

Characteristics
- Participation in performance of the underlying
- Disproportionate participation (out-performance) in positive performance above the strike
- Reflects underlying price moves 1:1 when below the strike

Bonus Certificate (1320)

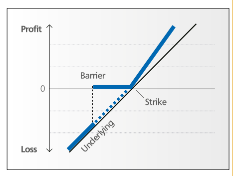
Market expectation
- Underlying moving sideways or rising
- Underlying will not breach barrier during product lifetime



Characteristics
- 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)

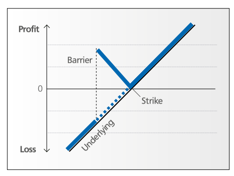
Market expectation
- Rising underlying
- Underlying will not breach barrier during product lifetime



Characteristics
- Participation in performance of the underlying
- Disproportionate participation (out-performance) 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 a Outperformance Certificate
- With greater risk, multiple underlyings ("Worst-of") allow for a higher bonus level or lower barrier

Twin-Win Certificate (1340)

Market expectation
- Rising or slightly falling underlying
- Underlying will not breach barrier during product lifetime

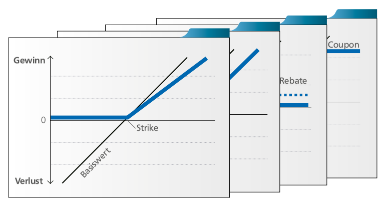


Characteristics
- Participation in performance of the underlying
- Profits possible with rising and falling underlying
- Falling underlying price converts into profit up to the barrier
- Minimum redemption is equal to the nominal provided the barrier has not been breached
- If the barrier is breached, the product changes into a Tracker Certificate
- With higher risk levels, multiple underlyings ("Worst-of") allow for a higher bonus level or lower barrier

14 INVESTMENT PRODUCTS WITH REFERENCE ENTITIES

Reference Entity Certificate with Conditional Capital Protection (1410)

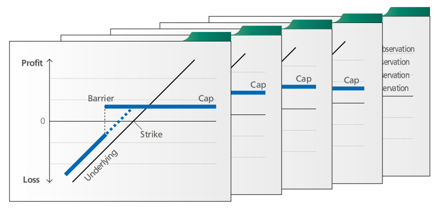
Market expectation
- Rising underlying
- Sharply falling underlying possible
- No credit event of the reference entity



Characteristics
- There are one or more reference entities underlying the product
- In addition to the credit risk of the issuer, redemption is subject to the solvency (non-occurrence of a credit event) of the reference entity
- Redemption is made at least in the amount of conditional capital protection at maturity, provided that no credit event of the reference entity has occurred
- If a credit event occurs at the reference entity during its lifetime, the product will be redeemed at an amount corresponding to the credit event
- 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 underly-ing, provided a reference entity credit event has not occurred
- The product allows higher yield at greater risk

Reference Entity Certificate with Yield Enhancement (1420)

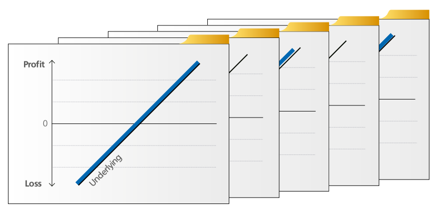
Market expectation
- Underlying moving sideways or slightly rising
- Falling volatility of the underlying
- No credit event of the reference entity



Characteristics
- There are one or more reference entities underlying the product
- In addition to credit risk, redemption of the product is subject to the solvency (non-occurrence of a credit event) of the reference entity
- If a credit event occurs at the reference entity during its lifetime, the product will be redeemed at an amount corresponding to the credit event
- The product value can fall during its lifetime, among other things due to a negative assessment of reference entity creditworthiness
- 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 per-formance 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

Reference Entity Certificate with Participation (1430)

Market expectation
- Rising underlying
- No credit event of the reference entity



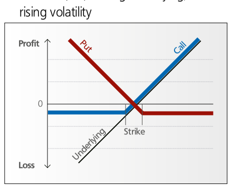
Characteristics
- There are one or more reference entities underlying the product
- In addition to credit risk, redemption of the product is subject to the solvency (non-occurrence of a credit event) of the reference entity
- If a credit event occurs at the reference entity during its lifetime, the product will be redeemed at an amount corresponding to the credit event
- The product value can fall during its lifetime, among other things due to a negative as-sessment 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

LEVERAGE PRODUCTS

20 LEVERAGE

Warrant (2100)

Market expectation
- Warrant (Call): Rising underlying, rising volatility
- Warrant (Put): Falling underlying, rising volatility



Characteristics
- 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

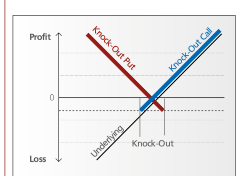
Spread Warrant (2110)

Market expectation
- Spread Warrant (Bull): Rising underlying
- Spread Warrant (Bear): Falling underlying

Characteristics
- 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)

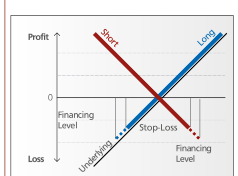
Market expectation
- Knock-Out (Call): Rising underlying
- Knock-Out (Put): Falling underlying



Characteristics
- 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)

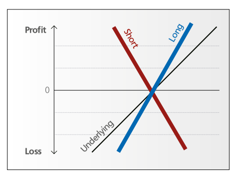
Market expectation
- Mini-Future (Long): Rising underlying
- Mini-Future (Short): Falling underlying



Characteristics
- 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
- Long: Rising underlying
- Short: Falling underlying



Characteristics
- 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

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.
Auto-callable	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.
Conditional coupon	A scenario exists where the coupon is not repaid (coupon at risk) or an unpaid coupon can be recouped at a later date (memory coupon).
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, the minimum repayment is 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).
Partial Capital Protection	Capital protection is between 90% and 100% of the nominal value.
Participation	Specifies the proportion at which the investor profits from the performance of the underlying. This can be 1:1, disproportionately high or disproportionately low.
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.

SIX STRUCTURED PRODUCTS

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