

## **Important modifications to the SSPA categorisation model as of January 2019**

### **General information**

For some time now, the SSPA has been observing an increase in issues of structured products in Switzerland, which is also reflected in the growth of new types of instruments. In addition, the issuance activity of manufacturers of structured products has increasingly shifted towards instruments not traded on the stock exchange.

With a view to taking these developments into account and offering investors the best possible use of the categorisation model in the future, the SSPA Executive Board has decided to adapt the Swiss Derivative Map (SDM) accordingly. Among other things, the revision of the categories will also achieve harmonisation with the Connexor IBT Type Code Model. This will ensure that similarly equipped investment products with different Connexor IBT Type Codes are mapped into the same SSPA product type category.

A comprehensive scenario cash flow analysis of IBT type codes and SSPA categories leads to the following adjustments to the Swiss Derivative Map (SDM):

### **Introduction of the product type «Capital protection certificate with Twin-Win (1135)»**

The new product type «Capital protection certificate with Twin-Win» completes the categorization model by the missing structure with the global behaviour of capital protection and the local characteristics of Twin-Win, as known from Twin-Win participation products.

### **Introduction of the product type «Express Certificate without Barrier (1255)» and renaming from «Express Certificate (1260)» to «Barrier Express Certificate (1260)»**

The new product type «Express Certificate without Barrier» completes the categorisation model for reverse convertibles with autocallability without a fixed coupon. At the same time, the distinction between barrier reverse convertibles and express certificates with a barrier is adjusted according to the criteria autocallability and fixed/variable coupon.

The previously used product designation Express Certificate (1260) is given the additional attribute «Barrier» for reasons of consistency.

### **Closure of the product type «Convertible Certificate (1110) »**

The product type «Convertible certificate (1110)» will become the «Capital protection certificate with participation (1100) » in the interests of simplification and better clarity.

### **Removal 99 categories**

To enable investors to distinguish between structured products and traditional products in a transparent manner, the SSPA removes the «Miscellaneous» product types from its categorisation model. For investment products, this applies to the product categories «Miscellaneous Capital Protection Certificates (1199)», «Miscellaneous Yield Enhancement Certificates (1299)» and

«Miscellaneous Participation Certificates (1399)» and, for leverage products «Miscellaneous Leverage Certificates (2099)».

### **Additional Features**

The additional features make it possible to describe deviations from the classic product type. This makes it possible to categorize slightly modified products using the additional features. In order to be able to label future products aimed at a declining market development, the additional feature "Bearish" will be introduced. The additional feature "Invers" refers to products that develop in inverse proportion to the underlying security.

And finally the additional feature «Participation» can be used to mark yield optimisation products with participation.

### **Implementation**

The amendments to the categorization model will take effect on January 1, 2019. The technical implementation of these changes, e.g. for the product finder, will be implemented during the first quarter of 2019 on the SSPA website (<http://www.svsp-verband.ch/home/produkttypen.aspx?lang=en>). Existing products are not affected by the changes. This means that the IBT type codes of these products will not be keyed to the adapted SSPA product types. However, from now on all new issues will be mapped according to the new categorisation model.

### Categorization model

(New)

Code	Product-groups	Product types
<b>1</b>	<b>INVESTMENT PRODUCTS</b>	
<b>11</b>	<b>Capital Protection</b>	
1100		Capital Protection Certificate with Participation
<del>1110</del>		No longer valid
1130		Barrier Capital Protection Certificate
1140		Capital Protection Certificate with Coupon
1135		Capital Protection Certificate with Twin-Win
<del>1199</del>		No longer valid
<b>12</b>	<b>Yield Enhancement</b>	
1200		Discount Certificate
1210		Barrier Discount Certificate
1220		Reverse Convertible
1230		Barrier Reverse Convertible
1255		Express Certificate without Barrier
1260		Express Certificate with Barrier
<del>1299</del>		No longer valid
<b>13</b>	<b>Participation</b>	
1300		Tracker Certificate
1310		Outperformance Certificate
1320		Bonus Certificate
1330		Bonus-Outperformance Certificate
1340		Twin-Win Certificate
<del>1399</del>		No longer valid
<b>14</b>	<b>Investment products with Reference Entities</b>	
1410		Reference Entity Certificate with Conditional Capital Protection
1420		Reference Entity Certificate with Yield Enhancement
1430		Reference Entity Certificate with Participation
<b>2</b>	<b>LEVERAGE PRODUCTS</b>	
<b>20</b>	<b>Leverage</b>	
2100		Warrant
2110		Spread Warrant
2200		Warrant with Knock-Out
2210		Mini-Future
2300		Constant Leverage Certificate
<del>2099</del>		No longer valid
<b>9</b>	<b>Other</b>	
9999		Miscellaneous Certificates

### Categorization model

(Previous)

Product-groups	Product types
<b>INVESTMENT PRODUCTS</b>	
<b>Capital Protection</b>	
	Capital Protection Certificate with Participation
	Convertible Certificate
	Barrier Capital Protection Certificate
	Capital Protection Certificate with Coupon
	Not applicable
	Miscellaneous Capital Protection Certificates
<b>Yield Enhancement</b>	
	Discount Certificates
	Barrier Discount Certificate
	Reverse Convertibles
	Barrier Reverse Convertible
	Not applicable
	Express Certificate
	Miscellaneous Yield Enhancement Certificates
<b>Participation</b>	
	Tracker Certificate
	Outperformance Certificate
	Bonus Certificates
	Bonus-Outperformance Certificate
	Twin-Win Certificate
	Miscellaneous Participation Certificates
<b>Investment products with Reference Entities</b>	
	Reference Entity Certificate with Conditional Capital Protection
	Reference Entity Certificate with Yield Enhancement
	Reference Entity Certificate with Participation
<b>LEVERAGE PRODUCTS</b>	
<b>Leverage</b>	
	Warrant
	Spread Warrant
	Warrant with Knock-Out
	Mini-Future
	Constant Leverage Certificate
	Miscellaneous Leverage Certificates
<b>Various</b>	
	Miscellaneous Certificates

**Further information:**

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**About Structured Products**

Structured products are investment instruments issued publicly by an issuer whose redemption value is derived from the performance of one or more underlying assets. Underlyings may be equities, interest rates, foreign exchange or commodities such as gold or crude oil.

**About the Association**

The Swiss Structured Products Association (SSPA) is the first point of contact for all questions relating to structured products. It represents the common interests of 34 members who account for over 95 percent of the market volume of structured products in Switzerland. The association is headquartered in Zurich. Further information can be found at [www.svsp-verband.ch](http://www.svsp-verband.ch).