

## European structured securities market reports strong growth in turnover

Number of new issues significantly up / European structured product exchanges generate turnover of EUR 32.5 billion

**Exchange turnover in investment products and leverage products** on Europe's financial markets were up at the end of the first quarter of 2018. Compared with the fourth quarter of 2017, turnover rose by 12.0 percent to stand at EUR 32.5 billion. This also represented a 14.0 percent increase year on year. That is one of the outcomes of an analysis by Derivative Partners AG of the latest market data collected by the European Structured Investment Products Association (EUSIPA) from its members.

The members of EUSIPA, who provide the figures for the market report, include: Zertifikate Forum Austria (ZFA), Belgian Structured Investment Products Association (BELSIPA), Association Française des Produits Dérivés de Bourse (afpdb), Deutscher Derivate Verband (DDV), Associazione Italiana Certificati e Prodotti di Investimento (ACEPI), Swedish Exchange Traded Investment Products Association (SETIPA), Swiss Structured Products Association (SSPA) and the Netherlands Structured Investment Products Association (NEDSIPA).

The first-quarter turnover in investment products trading recorded on the European exchanges amounted to EUR 13.4 billion. This represented a 41.2 percent share of the total turnover. Whilst exchange turnover was down 6.0 percent on the prior quarter, it was up 8.0 percent on the same quarter of the previous year.

In the period from January to March, turnover in the leverage products segment (Warrants, Knock-Out Warrants, Factor Certificates etc.) totalled EUR 19.1 billion. This corresponded to 58.8 percent of the total turnover. Exchange turnover increased by 29.0 percent on the fourth quarter of 2017 and was up 19.0 percent year on year.

At the end of March, trading venues located in EUSIPA member countries were offering 536,010 investment products and 1,203,673 leverage products. The aggregate offer of listed products rose by 2.0 percent in comparison with the previous quarter. The offer increased by as much as 14.0 percent year on year.

Banks issued a total of 1,146,707 new investment and leverage products in the first quarter of the current year. Compared to the period from October to December 2017, this represents an upsurge of 17.0 percent in new issues activities. There was a strong year-on-year increase of 27.0 percent. In total 162,177 new investment products were launched, accounting for 14.1 percent of all new issues. 984,530 new leverage products were listed, representing 85.9 percent of the aggregate number of new issues.

At the end of the first quarter, in Austria, Belgium, Germany and Switzerland, **the market volume of investment and leverage products** recognised as securities stood at EUR 237.8 billion – a 9.0 percent decrease on the figure recorded for the previous quarter. In comparison to the same quarter of last year, the volume shrank by 12.0 percent.

### Contact:

Thomas Wulf  
Secretary General

EUSIPA - European  
Structured Investment  
Products Association

Phone: 0032(0) 2550 3415  
Mobile: 0032(0) 475 251599

wulf@eusipa.org  
www.eusipa.org

At the end of March the market volume of investment products totalled EUR 229.5 billion – an increase of 2.0 percent on the figure recorded at the end of the previous quarter. Thus, the market volume was slightly down by 1.0 percent on a year-over-year basis. The outstanding volume of leverage products stood at EUR 8.4 billion at the end of March. This represented a fall of 76.0 percent on the volume reported for the fourth quarter of 2017 and a drop of 78.0 percent year on year.

## About EUSIPA

EUSIPA represents the interests of the European structured investment products business. The focal point of its activities are derivative instruments such as structured investment products and warrants. EUSIPA makes efforts to create an attractive and fair regulatory framework for these financial products.

The umbrella association acts as a contact for politicians and the European Securities and Markets Authority (ESMA) in all questions concerning structured products. Whenever the need arises, the association is at hand to provide expert advice and opinions, thus playing an active role in the opinion process on the political level.

Greater protection for investors as well as more comprehensible and transparent products are important concerns for the association. Together with its members, it is actively engaged in promoting Europe-wide standards throughout the sector. These include clear product classification, standardised technical terms and a broad commitment among the member associations to abide by a code of practice for the sector.

The members of EUSIPA that provide the information for the market report are:



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Thomas Wulf  
Secretary General

EUSIPA - European  
Structured Investment  
Products Association

Phone: 0032(0) 2550 3415  
Mobile: 0032(0) 475 251599

wulf@eusipa.org  
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# EUSIPA Market Report on structured investment products

Q1/2018



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# 1. Highlights

## Exchange Turnover: Increasing turnover Leverage Products

On year-to-year basis the overall exchange turnover increased to 32.5 bn EUR in the first quarter of 2018, which is a plus of 14% compared on a year-to-year basis (28 bn EUR in Q1/2017). Leverage Products accounted in Q1 2018 for a turnover of 19.14 bn EUR (an increase of 19% versus Q1 2017 and 29% compared to Q4 2017). The increases are largely attributable to the Swedish market.

## Outstanding Volume: Decreasing volume

The Q1 2018 figures for the Austrian, Belgian, German<sup>1</sup> and Swiss<sup>2</sup> markets indicate globally a total amount of 237.8 bn EUR, which is a decrease of 12% compared to the first quarter of 2017. On a year-to-year basis the volume of investment products slightly decreased by 1% but increased by 2% compared to the previous quarter Q4 2017. The volume in leverage products which always is significantly smaller compared to the volume of investment products, decreased by 78% compared with the equivalent first year quarter in 2017 and by 76% compared with preceding Q4 2017. Responsible for the high decrease is the leverage products market in Switzerland<sup>3</sup>.

## Number of New Listings: Increasing issuance activity

Compared to the fourth quarter of 2017 the number of new listings during Q1 2018 has risen by 17% (1'146'707 products in Q1 2018 versus 980'106 products in Q4 2017). Whereas 85% of all new listed products were issued in the leveraged product segment, investment products obtained a share of 15%. For leverage products, the number of new listings increased by 17% compared to the previous quarter and by 39% on a year-to-year basis. For investment products, the number of new listings increased by 14% compared to the previous quarter and decreased by 14% compared to the equivalent last year quarter.

## Number of Products: Slightly higher number of listed products










At the beginning of 2018 a total of 1'739'683 products were listed in EUSIPA member countries, a slightly increase of 2% compared to the fourth quarter of 2017 and by 14% compared on a year-to-year basis. Measured on a year-to-year basis the number of listed leverage products increased by 27% while the number of listed investment products decreased by 8%.

<sup>1</sup> The German figures are sourced in from the 16 issuers assembled under the roof of Deutsche Derivate Verband (DDV) and entail assets from the sales of listed note-based structured retail products to customers based in Germany. The 16 issuers cover more than 90% of the German market in these products.

<sup>2</sup> The Swiss figures are sourced in from the Swiss National Bank and represent all assets in listed note-based structured retail products held in Swiss depots of issuers domiciled in Switzerland. The figures include therefore, to a small extent, also assets from product sales of these issuers outside Switzerland. The Swiss National Bank has extended the circle of the reportable institutions for the statistics of the securities held in bank's client deposits. The survey group consists now also of institutions with a special field of business. In case of such institutions with a special field of business and especially for deposits which are stored centrally there are only securities included that are not already stored at another reportable bank and reported by it.

<sup>3</sup> The reasons for the sharp decline in the open interest of the leverage products segment are currently being analysed with the data providing Swiss National Bank.

## 2. Quarterly overview (Q1/2018)

	 Austria	 Belgium	 France	 Germany	 Italy	 Netherlands	 Sweden	 Switzerland <sup>1</sup>	 EUSIPA
<b>Exchange Turnover (Mio. EUR)</b>									
1 Investment Products	174	741	77	4'996	2'482	15	2'722	2'159	13'366
11 Capital Protected	n/a	n/a	0	78	n/a	0	1	42	121
12 Yield-Enhancement	n/a	n/a	59	2'618	n/a	11	1	828	3'517
13 Participation	n/a	n/a	18	2'259	n/a	4	2'714	1'262	6'257
199 Various	n/a	n/a	0	41	n/a	0	6	27	74
2 Leverage Products	11	36	1'159	6'437	4'182	1'722	4'004	1'590	19'141
21 Without Knock-Out	n/a	n/a	303	1'971	n/a	94	28	n/a	2'396
22 With Knock-Out	n/a	n/a	678	3'483	n/a	1'626	2'075	n/a	7'862
23 Constant Leverage	n/a	n/a	178	983	n/a	2	1'901	n/a	3'064
Various	n/a	n/a	0	n/a	n/a	0	0	n/a	0
<b>Total</b>	<b>184</b>	<b>777</b>	<b>1'236</b>	<b>11'433</b>	<b>6'664</b>	<b>1'737</b>	<b>6'726</b>	<b>3'749</b>	<b>32'506</b>
Total change - $\Delta$ in % to Q1/17 <sup>2</sup>	16	-24	12	2	1	19	109	1	14
Total change - $\Delta$ in % to Q4/17 <sup>3</sup>	40	-20	21	14	-5	32	35	4	12
<b>Outstanding Volume (Mio. EUR)</b>									
1 Investment Products	12'771	14'364	n/a	62'012	n/a	n/a	n/a	140'330	229'477
11 Capital Protected	n/a	n/a	n/a	22'931	n/a	n/a	n/a	39'423	62'354
12 Yield-Enhancement	n/a	n/a	n/a	27'759	n/a	n/a	n/a	53'986	81'745
13 Participation	n/a	n/a	n/a	5'247	n/a	n/a	n/a	45'297	50'544
199 Various	n/a	n/a	n/a	6'076	n/a	n/a	n/a	1'624	7'700
2 Leverage Products	129	3	n/a	1'923	n/a	n/a	n/a	6'317	8'372
21 Without Knock-Out	n/a	n/a	n/a	784	n/a	n/a	n/a	n/a	784
22 With Knock-Out	n/a	n/a	n/a	817	n/a	n/a	n/a	n/a	817
23 Constant Leverage	n/a	n/a	n/a	322	n/a	n/a	n/a	n/a	322
Various	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0
<b>Total</b>	<b>12'900</b>	<b>14'367</b>	<b>n/a</b>	<b>63'935</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>146'647</b>	<b>237'849</b>
Total change - $\Delta$ in % to Q1/17 <sup>2</sup>	23	-2	n/a	0	n/a	n/a	n/a	-19	-12
Total change - $\Delta$ in % to Q4/17 <sup>3</sup>	2	0	n/a	1	n/a	n/a	n/a	-14	-9










<sup>1</sup> Please note that the product category 'Investment Products with Reference Entities' exists only in Switzerland. Values for this category are therefore shown as 'Various Investment Products'.

<sup>2</sup> Field indicates per cent change between Q1/2018 and equivalent last year quarter Q1/2017.

<sup>3</sup> Field indicates per cent change between reporting quarter Q1/2018 and previous quarter Q4/2017.

Source: Country Associations, Derivative Partners

## 2. Quarterly overview (Q1/2018)

	 Austria	 Belgium	 France	 Germany	 Italy	 Netherlands	 Sweden	 Switzerland <sup>1</sup>	 EUSIPA
<b>Number of New Listings on Exchange</b>									
1 Investment Products	415	71	500	157'923	438	108	19	2'703	162'177
11 Capital Protected	n/a	n/a	0	25	n/a	0	0	46	71
12 Yield-Enhancement	n/a	n/a	498	80'604	n/a	71	4	2'515	83'692
13 Participation	n/a	n/a	2	77'223	n/a	37	11	137	77'410
199 Various	n/a	n/a	0	71	n/a	0	4	5	80
2 Leverage Products	620	731	30'437	923'211	1'565	13'275	7'670	7'021	984'530
21 Without Knock-Out	429	n/a	9'820	201'031	n/a	261	2'785	n/a	214'326
22 With Knock-Out	191	n/a	20'585	720'364	n/a	13'014	4'705	n/a	758'859
23 Constant Leverage	0	n/a	32	1'816	n/a	0	180	n/a	2'028
Various	0	n/a	0	n/a	n/a	0	0	n/a	0
<b>Total</b>	<b>1'035</b>	<b>802</b>	<b>30'937</b>	<b>1'081'134</b>	<b>2'003</b>	<b>13'383</b>	<b>7'689</b>	<b>9'724</b>	<b>1'146'707</b>
Total change - Δ in % to Q1/17 <sup>2</sup>	-78	185	26	28	6	47	29	10	27
Total change - Δ in % to Q4/17 <sup>3</sup>	97	50	36	17	-60	44	49	6	17
<b>Number of Exchange Listed Products</b>									
1 Investment Products	3'371	1'445	1'390	512'872	2'743	295	599	13'295	536'010
11 Capital Protected	n/a	n/a	0	1'132	n/a	7	121	513	1'773
12 Yield-Enhancement	n/a	n/a	1'268	284'278	n/a	152	77	10'613	296'388
13 Participation	n/a	n/a	122	225'932	n/a	136	353	1'744	228'287
199 Various	n/a	n/a	0	1'530	n/a	0	48	425	2'003
2 Leverage Products	4'471	801	37'581	1'099'167	8'175	19'602	14'079	19'797	1'203'673
21 Without Knock-Out	2'149	n/a	17'082	603'034	n/a	294	4'196	n/a	626'755
22 With Knock-Out	2'322	n/a	19'764	482'254	n/a	19'085	6'571	n/a	529'996
23 Constant Leverage	0	n/a	735	13'879	n/a	223	3'287	n/a	18'124
Various	0	n/a	0	n/a	n/a	0	25	n/a	25
<b>Total</b>	<b>7'842</b>	<b>2'246</b>	<b>38'971</b>	<b>1'612'039</b>	<b>10'918</b>	<b>19'897</b>	<b>14'678</b>	<b>33'092</b>	<b>1'739'683</b>
Total change - Δ in % to Q1/17 <sup>2</sup>	-24	4	17	14	30	16	1	9	14
Total change - Δ in % to Q4/17 <sup>3</sup>	-3	-4	-2	2	25	-1	8	5	2

<sup>1</sup> Please note that the product category 'Investment Products with Reference Entities' exists only in Switzerland. Values for this category are therefore shown as 'Various Investment Products'.

<sup>2</sup> Field indicates per cent change between Q1/2018 and equivalent last year quarter Q1/2017.

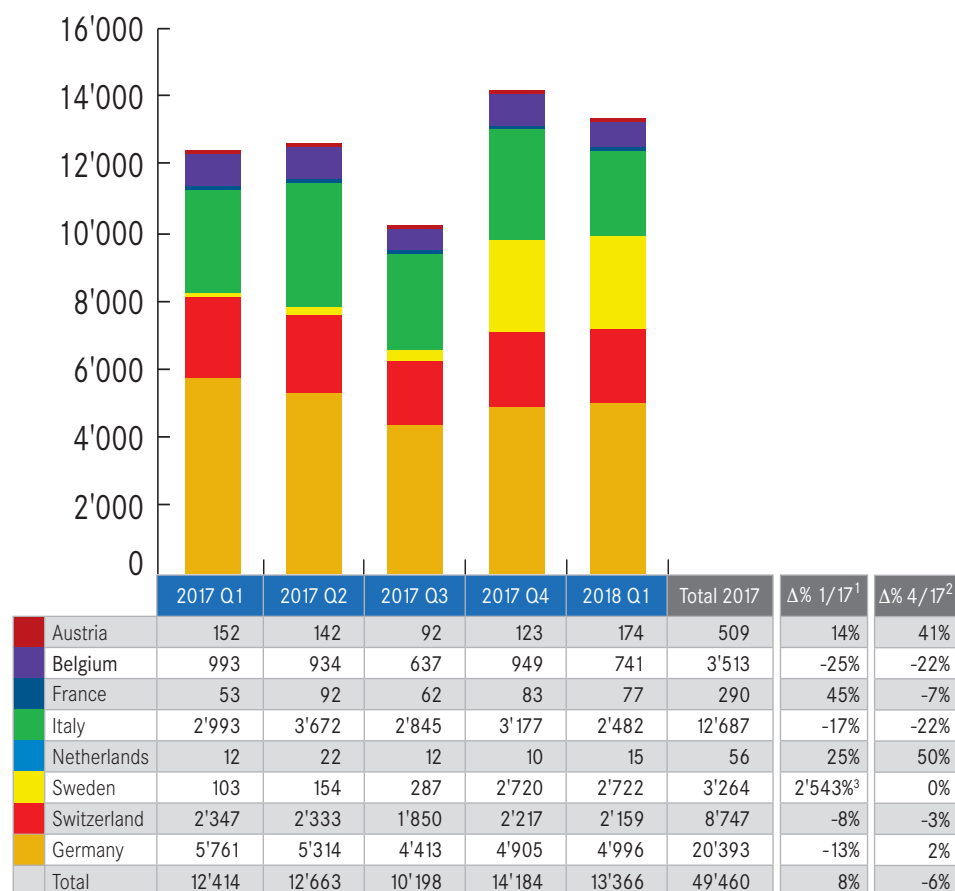
<sup>3</sup> Field indicates per cent change between reporting quarter Q1/2018 and previous quarter Q4/2017.

Source: Country Associations, Derivative Partners

### 3. Exchange turnover

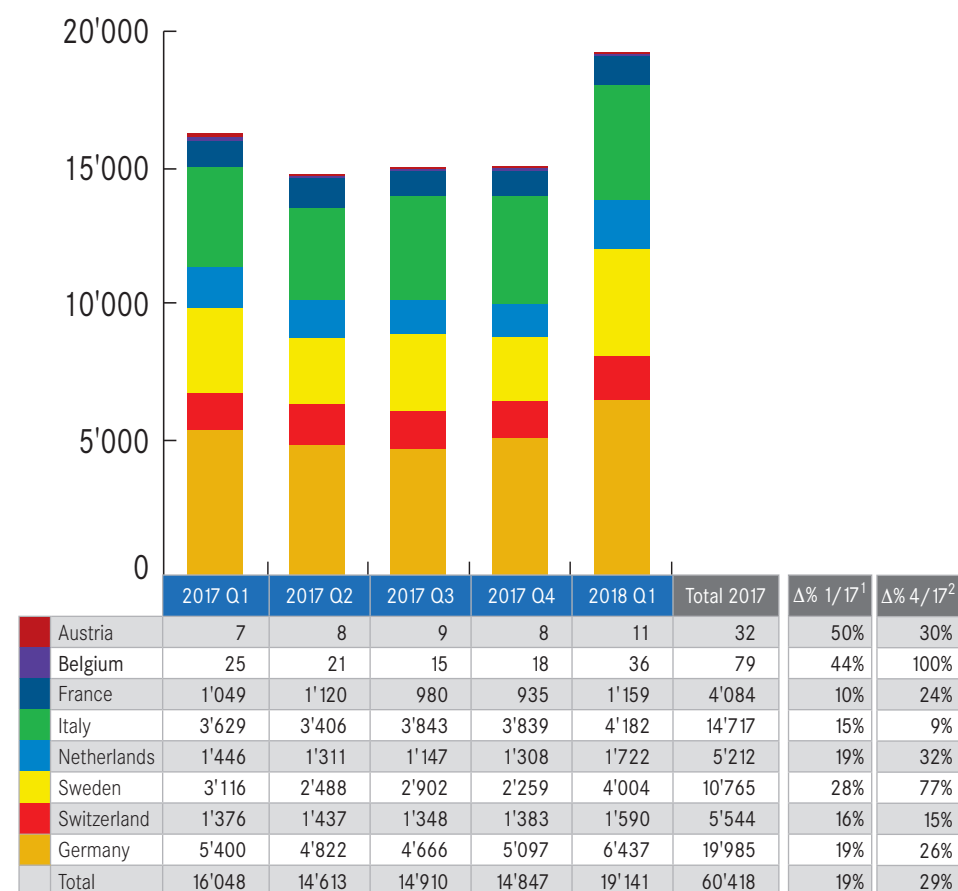
#### Investment Products

in Mio. EUR



#### Leverage Products

in Mio. EUR



Source: Country Associations, Derivative Partners

<sup>1</sup> Field indicates per cent change between Q1/2018 and equivalent last year quarter Q1/2017.

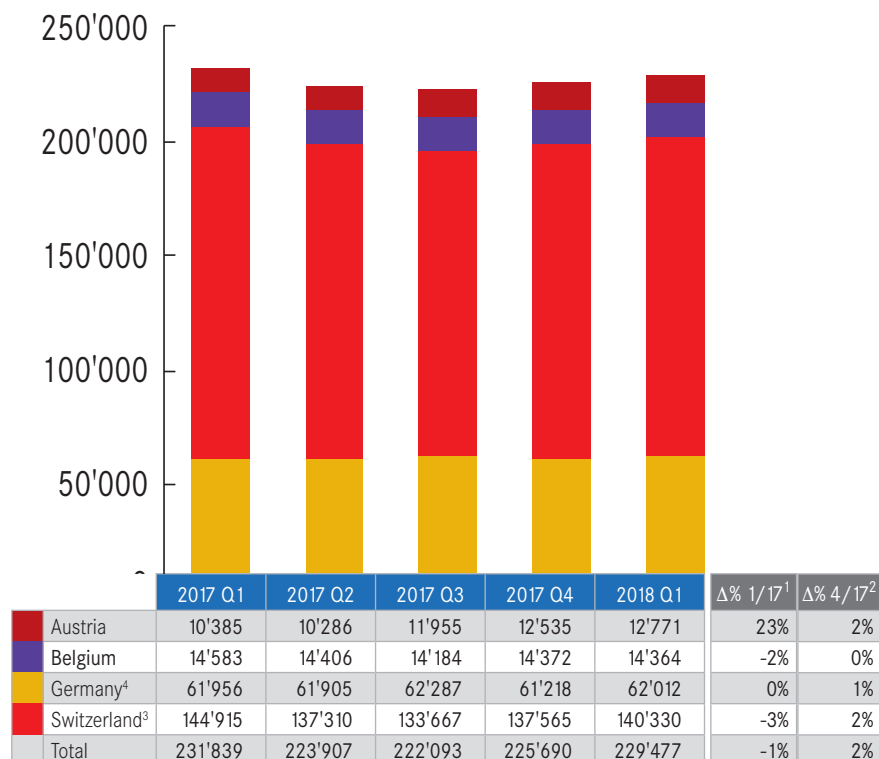
<sup>2</sup> Field indicates per cent change between reporting quarter Q1/2018 and previous quarter Q4/2017.

<sup>3</sup> The extraordinary increase is due to trades in products with crypto currency underlyings reported by NASDAQ.

## 4. Outstanding volume

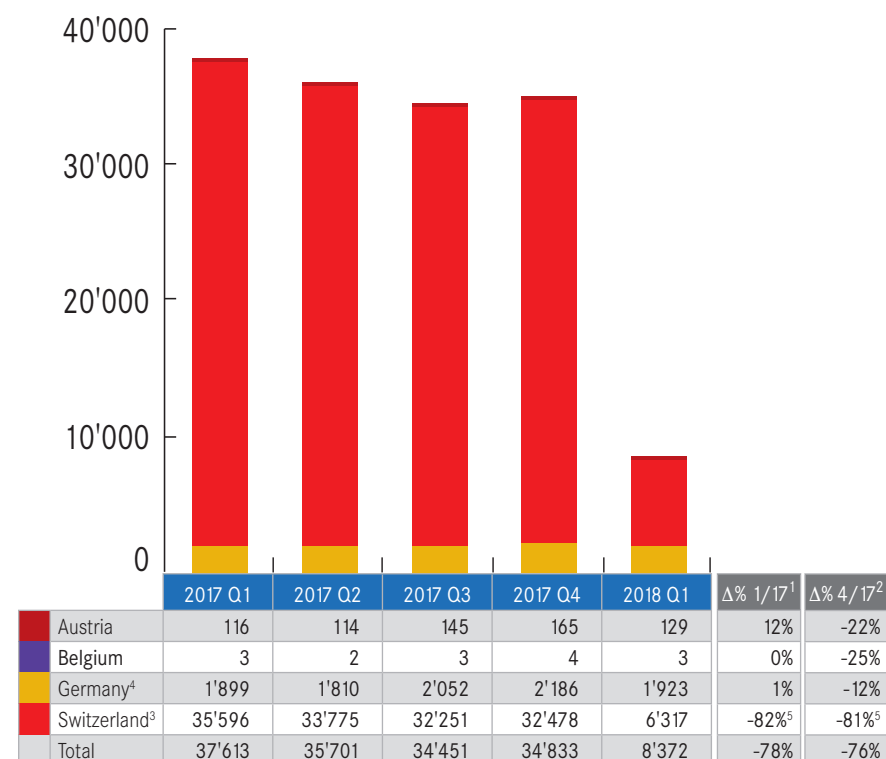
### Investment Products

in Mio. EUR



### Leverage Products

in Mio. EUR



Source: Country Associations, Derivative Partners

<sup>1</sup> Field indicates per cent change between Q1/2018 and equivalent last year quarter Q1/2017.

<sup>2</sup> Field indicates per cent change between reporting quarter Q1/2018 and previous quarter Q4/2017.

<sup>3</sup> The Swiss figures are sourced in from the Swiss National Bank and represent all assets in listed note-based structured retail products held in Swiss depots of issuers domiciled in Switzerland. The figures include therefore, to a small extent, also assets from product sales of these issuers outside Switzerland.

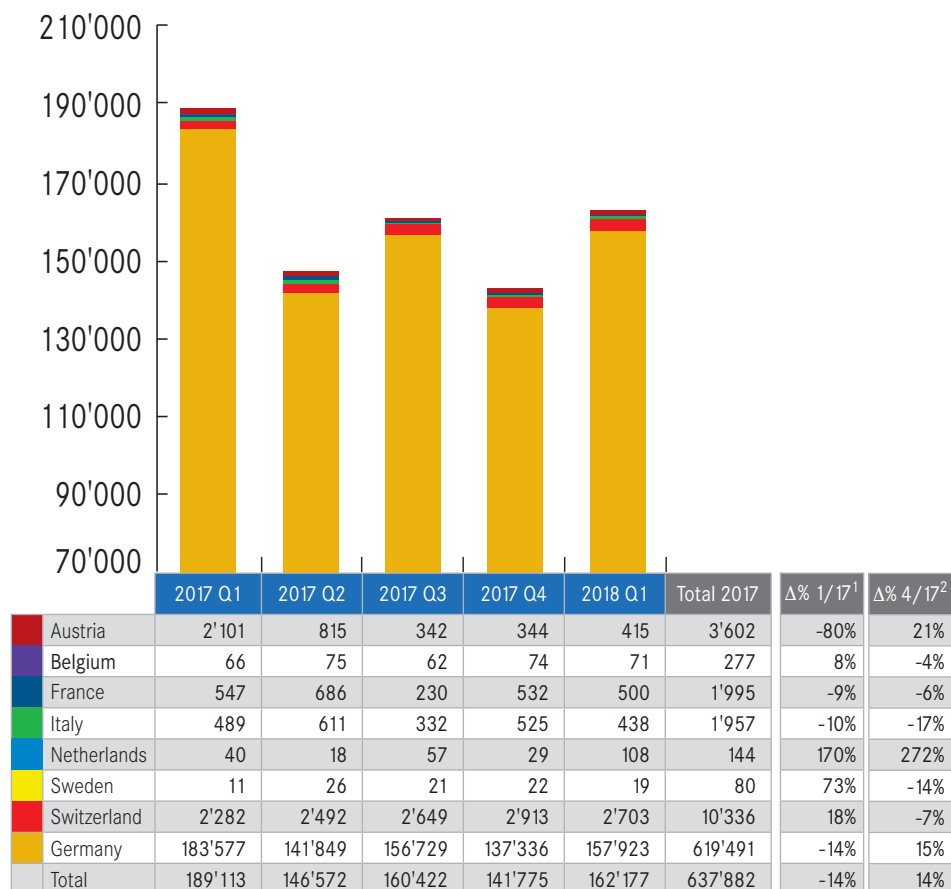
<sup>4</sup> The German figures are sourced in from the 16 issuers assembled under the roof of Deutsche Derivate Verband (DDV) and entail assets from the sales of listed note-based structured retail products to customers based in Germany.

<sup>5</sup> The reasons for the sharp decline in the open interest of the leverage products segment are currently being analysed with the data providing Swiss National Bank.

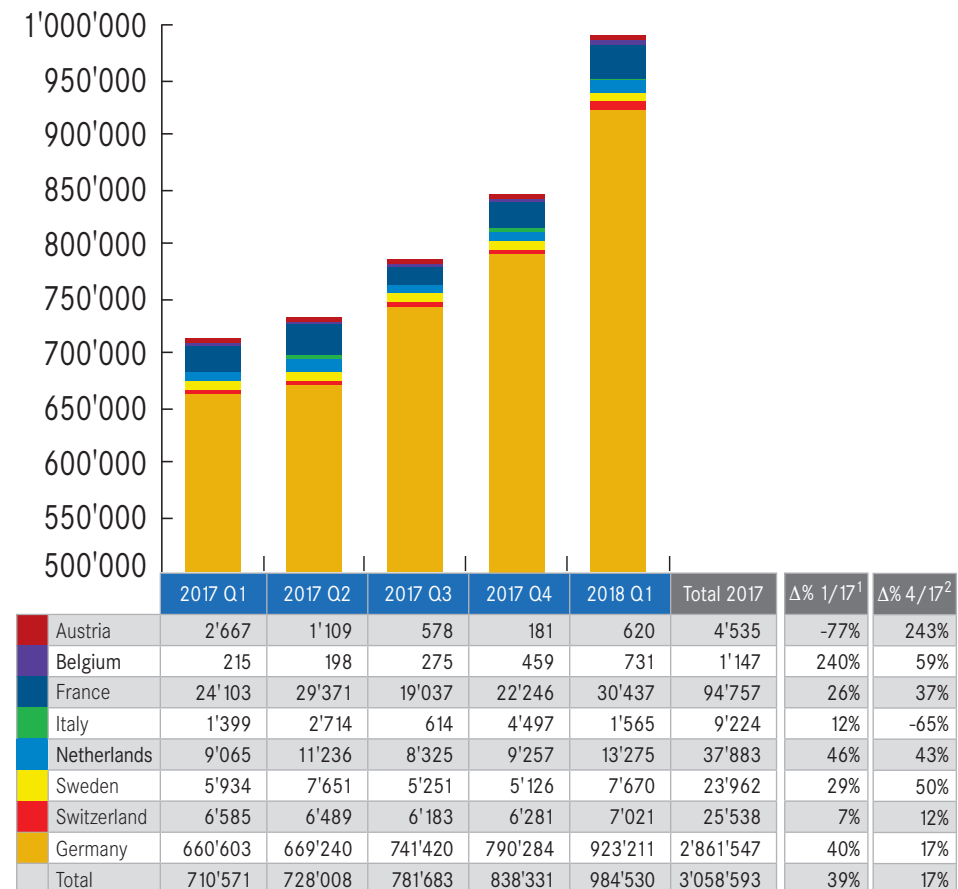


## 5. Number of new listings on exchange

### Investment Products



### Leverage Products



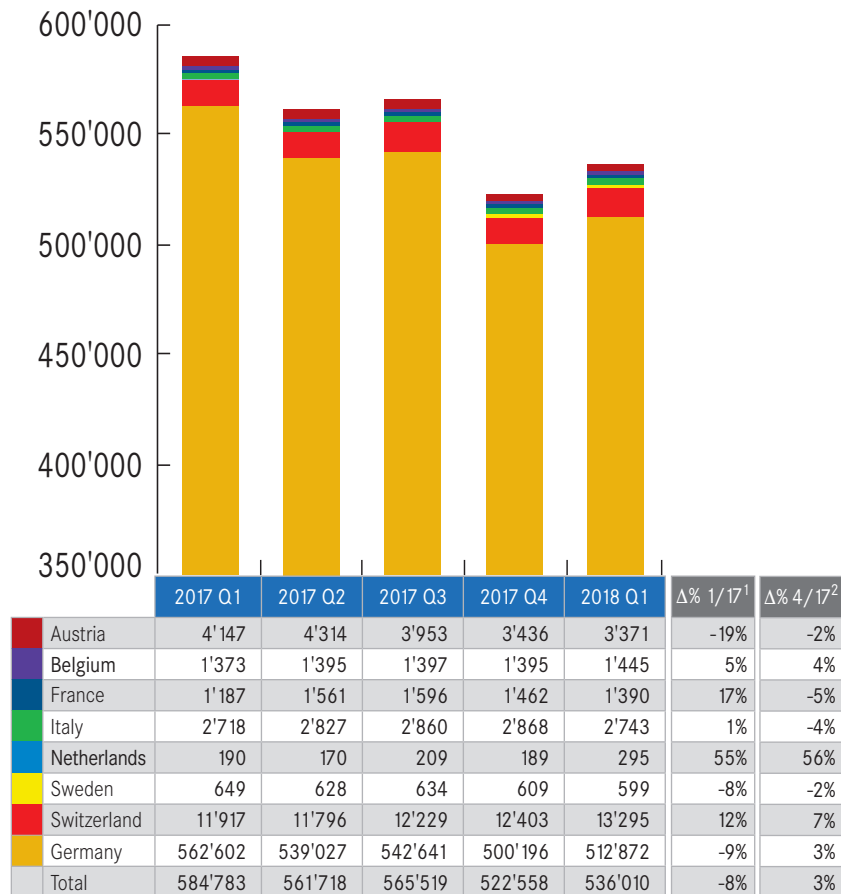
Source: Country Associations, Derivative Partners

<sup>1</sup> Field indicates per cent change between Q1/2018 and equivalent last year quarter Q1/2017.

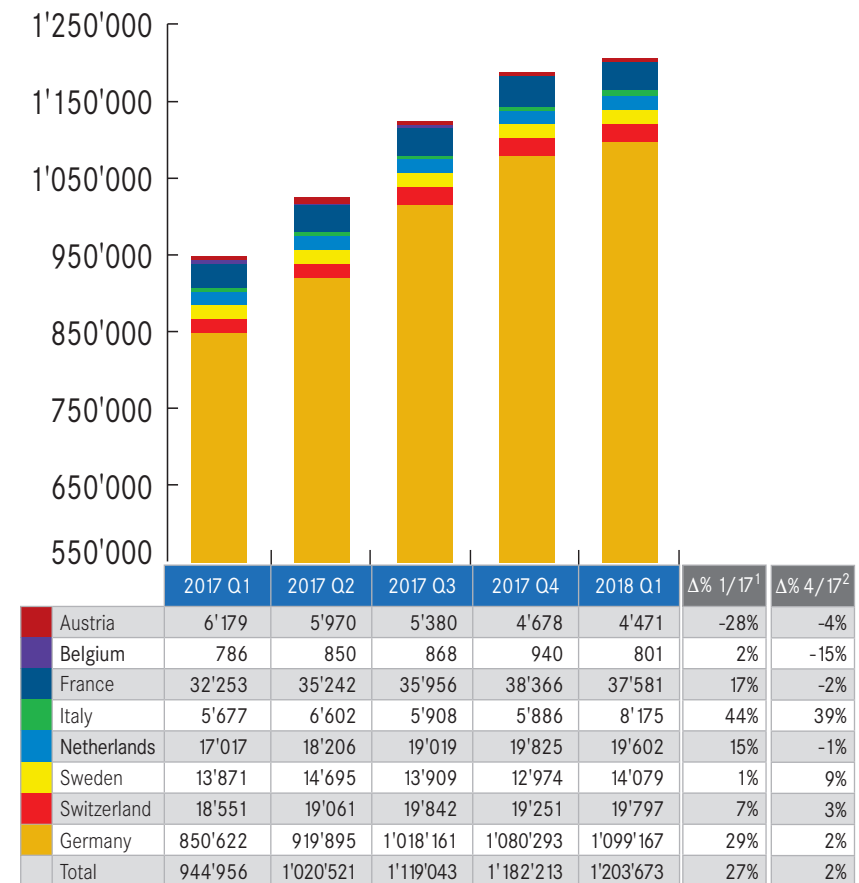
<sup>2</sup> Field indicates per cent change between reporting quarter Q1/2018 and previous quarter Q4/2017.

## 6. Number of exchange listed products

### Investment Products



### Leverage Products



Source: Country Associations, Derivative Partners

<sup>1</sup> Field indicates per cent change between Q1/2018 and equivalent last year quarter Q1/2017.

<sup>2</sup> Field indicates per cent change between reporting quarter Q1/2018 and previous quarter Q4/2017.

## 7. Appendix

### Data sources

EUSIPA Members

Derivative Partners AG

Key date is 30 March 2018. The exchange rates for CHF/EUR and SEK/EUR are defined at the last trading day of each quarter.

### Contact

Thomas Wulf | Secretary General

EUSIPA - European Structured Investment Products Association

Bastion Tower Level 20

5, Place du Champ de Mars

1050 Brussels | Belgium

Phone: +32 2 550 34 15

Mobile: +32 475 25 15 99

[wulf@eusipa.org](mailto:wulf@eusipa.org)

[www.eusipa.org](http://www.eusipa.org)

The data is collected by Derivative Partners AG.

Patrick Walther | Managing Director

Derivative Partners AG

Splügenstrasse 10

8002 Zurich | Switzerland

Phone: +41 43 305 00 55

Fax: +41 43 305 05 31

[patrick.walther@derivativepartners.com](mailto:patrick.walther@derivativepartners.com)

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Further information about Structured Investment Products is provided by the country associations on their websites:

#### Austria

Zertifikate Forum Austria (ZFA)

[www.zertifikateforum.at](http://www.zertifikateforum.at)



#### France

Association française des produits d'investissement de détail et de bourse (AFPDB)

[www.afpdb.org](http://www.afpdb.org)



#### Germany

Deutscher Derivate Verband (DDV)

[www.derivateverband.de](http://www.derivateverband.de)



#### Italy

Associazione Italiana Certificati e prodotti di Investimento (ACEPI)

[www.acepi.it](http://www.acepi.it)



#### Netherlands

Netherlands Structured Investment Products Association (NEDSIPA)

[www.nedsipa.nl](http://www.nedsipa.nl)



#### Sweden

Swedish exchange-traded investment products association (SETIPA)

[www.setipa.se](http://www.setipa.se)



#### Switzerland

Swiss Structured Products Association (SSPA)

[www.svsp-verband.ch](http://www.svsp-verband.ch)



#### Belgium

Belgian Structured Investment Products Association (BELSIPA)

[www.belsipa.be](http://www.belsipa.be)

