



**SVSP**

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

# Structured products value creation - Q4 2018

Swiss Structured Products Association - SSPA

JANUARY 2019

**BCG** BOSTON  
CONSULTING  
GROUP

# Executive summary<sup>1</sup>

## Turnover for Swiss structured products of the major SSPA members amounted to CHF 331 bn in 2018:

- Total turnover of CHF 331 bn is CHF 56 bn higher than in 2017; year-on-year growth rate was 20%
- Compared to the previous year, turnover grew in Q4 2018 by 16% and amounted to CHF 81 bn

## Turnover shares shifted compared to previous year:

- With 46%, yield enhancement products accounted for approximately half of total turnover in 2018, declining by 11 percentage points from 57% in 2017; leverage products constituted the second-largest product group with 22% of total turnover in 2018
- Driven by a nominal turnover increase of 45% year-on-year, the share of participation products increased to 16% in 2018 compared to 13% in 2017
- Capital protection products made up 14% of total turnover in 2018, representing an increase of 1 percentage point compared to 2017
- Leverage products represented again the vast majority of all structured products transactions with a share of 92%

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

- With 54%, Equity products constituted the largest portion of total turnover in 2018, representing a share increase by 5 percentage points and a nominal turnover increase of 32% compared to previous year; the share of Foreign Exchange products on the other hand decreased from 33% to 27% compared to 2017
- Despite nominal turnover growth, the share of Fixed Income products stagnated and reached 13% (previous year: 12%)

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

- Non-listed products constituted about 62% of turnover in 2018; although nominally increasing by 7% to CHF 206 bn compared to 2017, the turnover share decreased by 8 percentage points

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

- Despite nominally increasing by CHF 8 bn to CHF 183 bn, the primary market lost in 2018 9 percentage points of turnover share (from 64% to 55%) compared to previous year, due to nominal turnover growth of 49% of the secondary market (CHF 148 bn in 2018 relative to CHF 100 bn in 2017)
- The secondary market comprised around 98% of all transactions in 2018, with the number of transactions growing by 83% compared to 2017

## With a total share of 84%, USD, EUR and CHF are still by far the most used currencies:

- USD is the predominant currency in 2018 with a share of 39%, but it lost 4 percentage points compared to previous year (43%)
- The share of EUR increased by 4 percentage points to 31%, while CHF lost 4 percentage points and reached a share of 14%

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

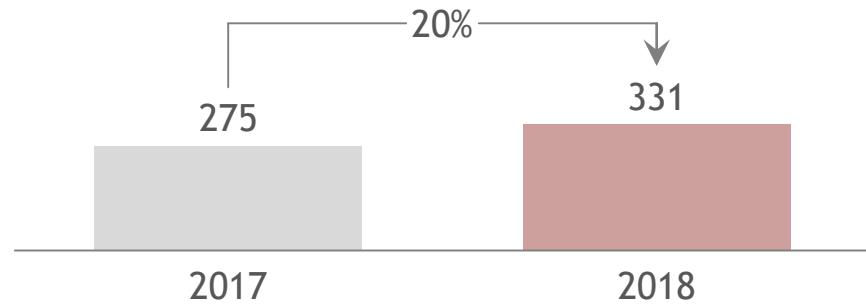


# Overall turnover development of structured products in 2017 and 2018

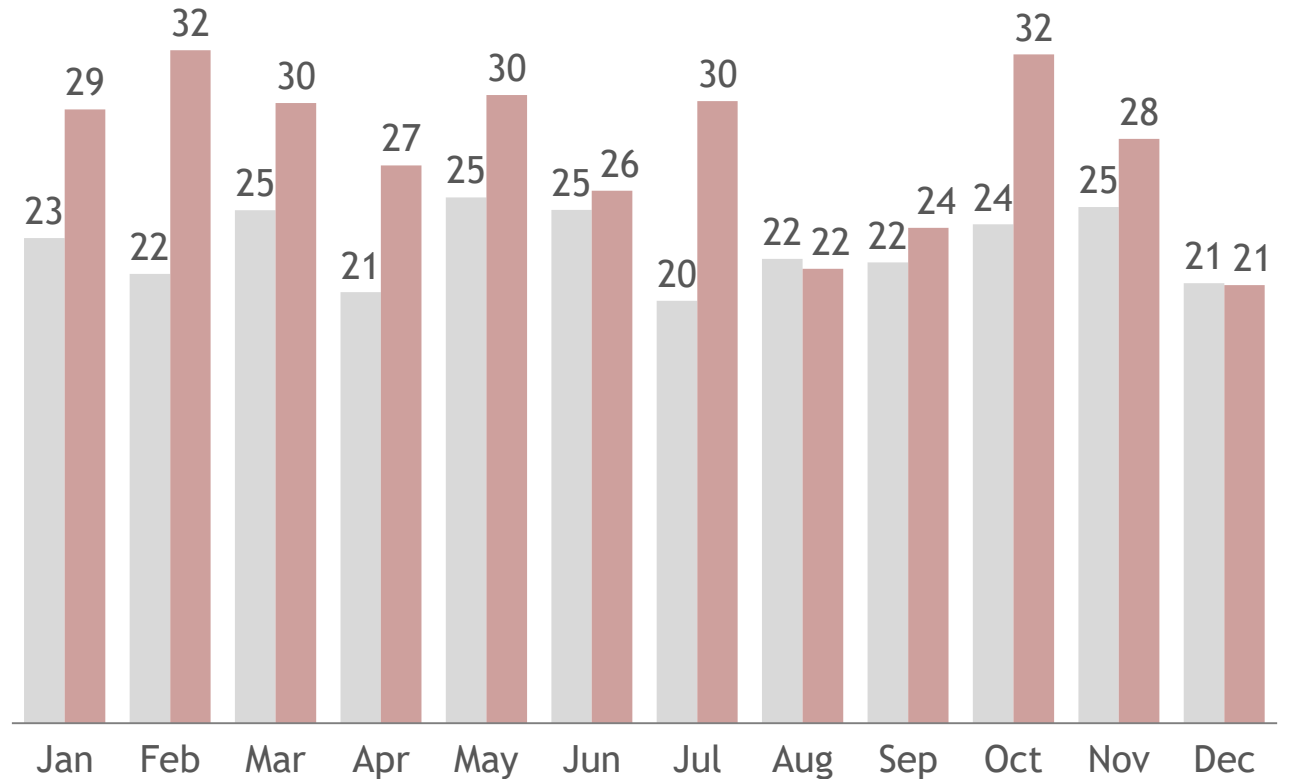
Turnover in respective timeframe in bn CHF

2017 2018

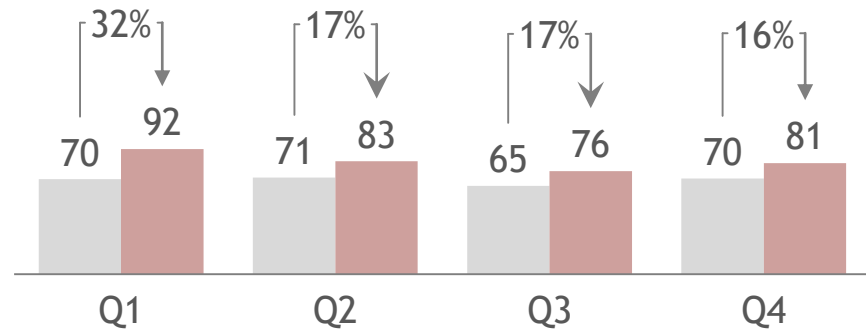
## Yearly comparison



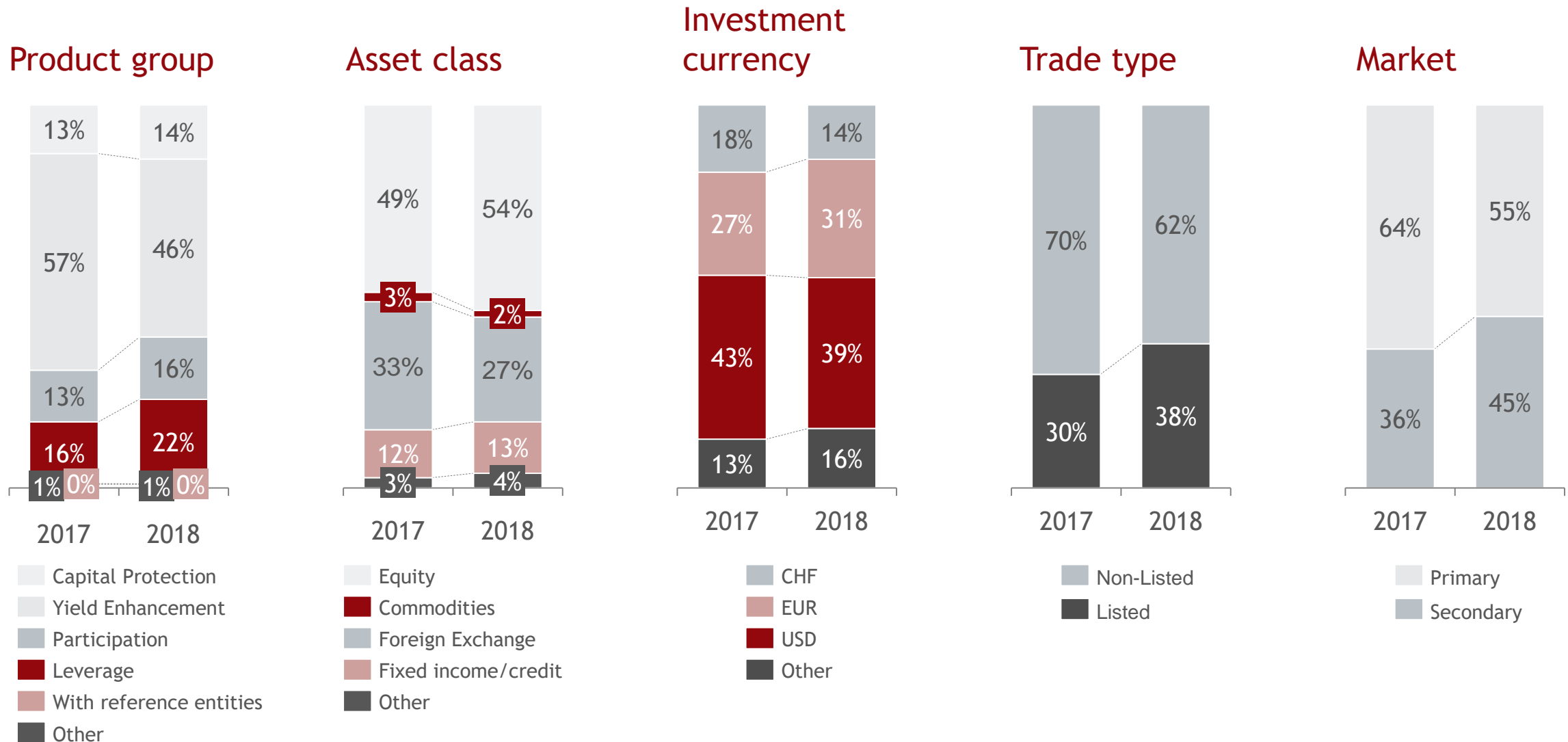
## Monthly comparison



## Quarterly comparison



# Development of turnover breakdown of structured products 2017 and 2018



Source: Data collected monthly from SSPA member institutes

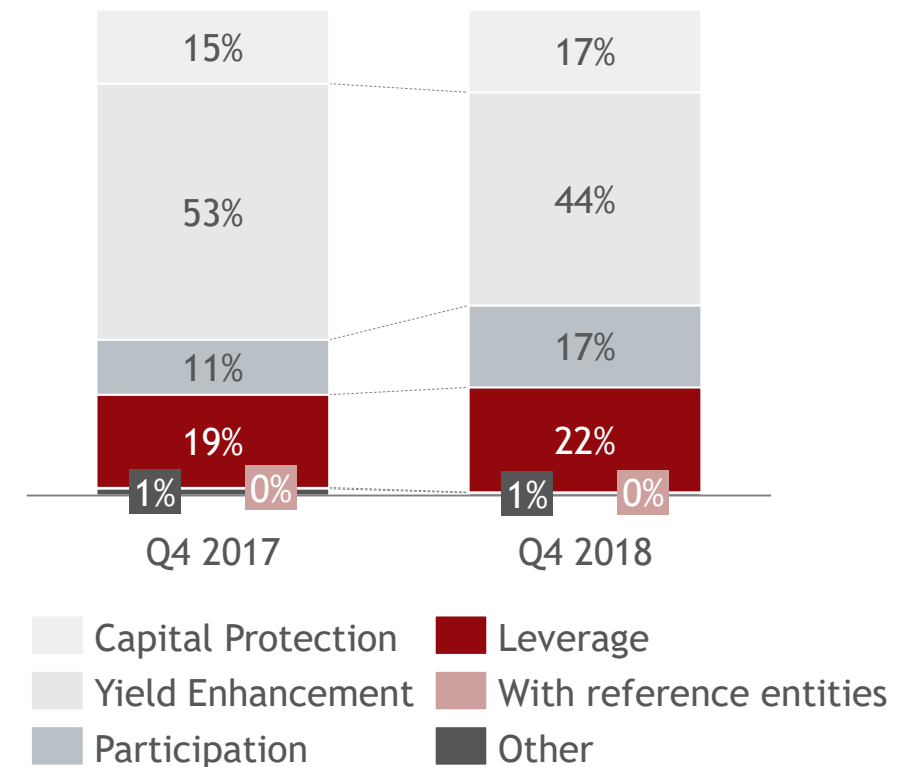
# Turnover of structured products split by product group

Turnover in respective time frame in CHF bn

## Split by product group

Product group		Turnover		Transactions	
		CHF	in %	#	in %
Capital protection	Q4 2017	10.6	15.2%	20'604	1.1%
	Q4 2018	13.8	17.0%	5'151	0.2%
Yield enhancement	Q4 2017	36.8	52.7%	119'733	6.1%
	Q4 2018	35.6	43.9%	116'670	3.7%
Participation	Q4 2017	7.9	11.3%	98'674	5.0%
	Q4 2018	13.7	16.8%	94'263	3.0%
Leverage	Q4 2017	13.4	19.1%	1'715'058	87.7%
	Q4 2018	17.5	21.6%	2'909'024	93.0%
With reference entities	Q4 2017	0.1	0.2%	1'452	0.1%
	Q4 2018	0.1	0.1%	1'136	0.0%
Other	Q4 2017	1.0	1.4%	950	0.0%
	Q4 2018	0.5	0.6%	727	0.0%
Total	Q4 2017	69.9	100.0%	1'956'471	100.0%
	Q4 2018	81.3	100.0%	3'126'971	100.0%

## Turnover split



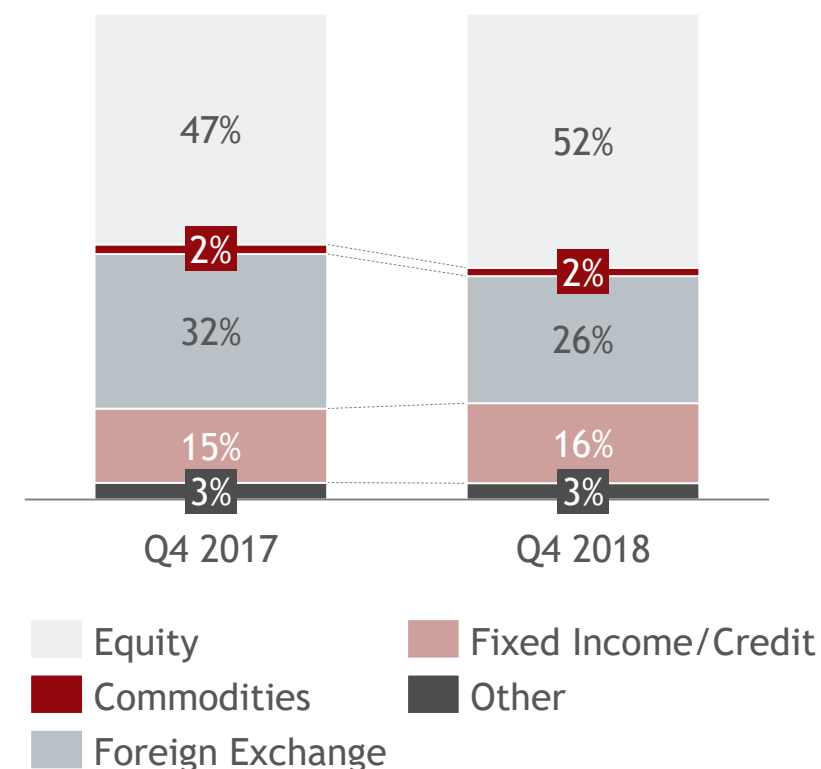
# Turnover of structured products split by asset class

Turnover in respective time frame in CHF bn

## Split by asset class

Asset class		Turnover		Transactions	
		CHF	in %	#	in %
Equity	Q4 2017	33.2	47.5%	1'685'509	86.2%
	Q4 2018	42.5	52.3%	2'805'288	89.7%
Commodity	Q4 2017	1.4	2.0%	150'247	7.7%
	Q4 2018	1.4	1.7%	214'049	6.8%
Foreign Exchange	Q4 2017	22.2	31.8%	61'055	3.1%
	Q4 2018	21.3	26.2%	86'979	2.8%
Fixed Income/ Credit	Q4 2017	10.7	15.3%	18'339	0.9%
	Q4 2018	13.4	16.5%	13'025	0.4%
Other	Q4 2017	2.4	3.5%	41'321	2.1%
	Q4 2018	2.8	3.4%	7'630	0.2%
Total	Q4 2017	69.9	100.0%	1'956'471	100.0%
	Q4 2018	81.3	100.0%	3'126'971	100.0%

## Turnover split

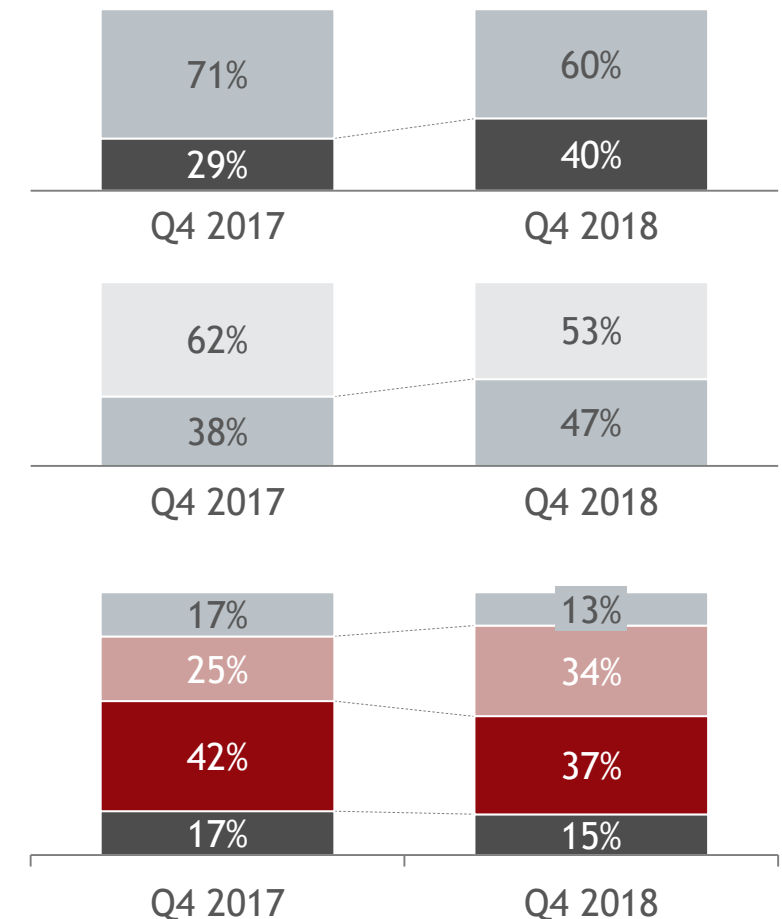


# Turnover of structured products split by trade type, market & currency

Turnover in respective time frame in CHF bn

	Turnover in Q4 2018		Transactions in Q4 2018		
	CHF	in %	#	in %	
Trade type	Non-listed	48.9	60.2%	402'229	12.9%
	Listed	32.3	39.8%	2'724'742	87.1%
Market	Primary	42.8	52.7%	54'430	1.7%
	Secondary	38.4	47.3%	3'072'541	98.3%
Investment currency	CHF	10.3	12.7%	268'461	8.6%
	EUR	28.0	34.5%	2'011'762	64.3%
	USD	30.4	37.4%	68'138	2.2%
	Other	12.6	15.4%	778'610	24.9%
	<b>Total</b>	<b>81.3</b>	<b>100.0%</b>	<b>3'126'971</b>	<b>100.0%</b>

## Turnover split



# Data collection methods and definitions

## Data collection and verification

Issuers provide data on 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 primary market in which the product was engineered in Switzerland

Secondary

- Product volume traded on secondary markets (e.g. stock exchanges) in which the product was engineered in Switzerland

## Asset class

Equity

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

Commodities

- Goods traded on a commodity exchange

FX

- Foreign exchange (incl. structured deposits)

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

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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## Participating banks

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Data as of December 31st, 2018.

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