



International Structured Products Forum
Lucerne, 7–8 September 2021

Executive Summary







Dear Friends of the Structured Products Industry,

After a turbulent 18 months, the International Structured Products Forum (ISPF) returned in full force – from 7 to 8 September 2021, the 11th ISPF welcomed leading Swiss & EU representatives from across the structured products industry to Lucerne to discuss the challenges facing the sector going forward.

This year's Forum saw many memorable discussions between the various panelists. This Executive Summary will run through the various highlights and topics of interest.

Thank you all for being part of this outstanding event: It was a great pleasure seeing you all in person after such a long time. I hope you all stay healthy and well and I look forward to welcoming you again at next year's International Structured Products Forum, which will run from 6 to 7 September 2022.

Yours sincerely,
Christian Reuss
Head SIX Swiss Exchange

Welcome Address

Christian Reuss welcomed attendees on behalf of the two event organizers, the Swiss Stock Exchange and the Structured Products Association (SSPA).

Much has changed since this event was last held in 2019, but the spirit of the Forum has remained the same – the camaraderie and open dialog across the industry and its related ecosystem, including disruptive Fintechs and issuers, have made this a not-to-be-missed event.

Christian's update on the Swiss Stock Exchange focused on equivalence and what has changed in the last three years. The biggest game changers have without doubt been Brexit and the question of how relevant EU equivalence still is. Who should Switzerland align itself with – if anyone?



Christian Reuss,
Head SIX Swiss Exchange







One Client, One Solution – The Future of Swiss Wealth Management



Dr. Zeno Staub, CEO, Vontobel Group

Zeno Staub opened his keynote speech by making three clear statements:

1. The age of standardization is over
2. The US will remain the global power
3. Investing is the new saving

He underlined the third point by putting forward 10 reasons why this is the case. The two most salient are inflation and ESG. Inflation results in investors shifting from holding large amounts of cash into real assets, while ESG is of relevance given that any remaining cash is not necessarily ESG-compliant. Both of these points will play a major role in the future.

Modern private banking customers want their investment alpha to deliver additional income and for it to be individually tailored to them. In this respect, structured products are the answer to all of their needs. From a financial institution's perspective, technology is the ultimate game changer – that is to say, hybrid investment advice is the future. The presentation ended with a quote from “The Leopard” by Giuseppe Tomasi di Lampedusa: “Everything must change for everything to remain the same.”

The US under the New Presidency of Joe Biden



Jens Korte, US and Wall Street Correspondent

Jens Korte began his presentation by picking up on Zeno Staub's comments on technology, noting that neither Jeff Bezos's Amazon nor Tim Cook's Apple intend to offer banking services on the financial market. Why? Quite simply, the regulatory hurdles are too high. In his update on the situation in the United States, he discussed the special momentum on the labor market, where figures are jumping from highs to lows and back again within very short amounts of time. The current trend has been branded "the great resignation" and has seen many people quit their jobs without having

anything new lined up. And this is no surprise, given the hourly wage of just USD 2.35 for service employees. China could one day supplant the US as the global leader, but this will not happen as quickly as some expect. Reasons for this include that the US dollar is the global currency and that the Fed has replaced China as the United States' largest debtor. Two important issues currently shaping thought on the US financial market are ESG and payment for order flow (PFOF).

Jens Korte ended his presentation by stating that "the American renaissance has begun".



Markus Pfister, President of the Swiss Structured Products Association (SSPA)
André Buck, Global Head Sales & Relationship Management, SIX Swiss Exchange

Welcome Speech

In his opening address for the afternoon session, **Markus Pfister** touched on the great success enjoyed by the structured products sector in 2020. Demand for structured products has risen and there has also been a massive increase in turnover and general awareness. The SSPA Lab was launched on the association's website in spring 2021, allowing customers to calculate and test how their own products would

perform in various simulations. Early 2021 also saw the publication of the third edition of the SSPA book "The World of Structured Products". Developments in the pipeline for the coming months include a handbook on structured products for pension funds, the drafting of ESG guidelines, and an awareness campaign for young and new investors in structured products.

Pension Funds and Structured Products – Dream Team or Just a Dream?



Urs Scholl, Group Head of Investments, Concordia

Nicolas Walon, Head of Financial Engineering, J. Safra Sarasin AG

Daniel Hügli, Editor-in-Chief, Cash

Prof. Dr. Maurice Pedergnana, CIO, Zugerberg Finanz AG

Thomas Wicki, Head Structured Derivatives Distribution Switzerland, UBS AG,
Board Member SSPA

Daniel Hügli, Editor-in-Chief at Cash, opened the panel by commenting on how we as a society are growing older and older, interest rates are negative, pension funds are seen as conservative and boring, and that more “glasnost” is needed in the industry. In a lively discussion, the panelists **Urs Scholl**, Group Head of Investments at Concordia, **Prof. Maurice Pedergnana**, CIO at Zugerberg Finanz AG, **Nicolas Walon**, Head of Financial Engineering at J. Safra Sarasin AG, and **Thomas Wicki**, Head Structured Derivatives Distribution Switzerland at UBS AG, addressed these issues.

In summary, they concluded that pension funds tend to restrict their thinking more to “asset boxes”, rather than in a portfolio context; if they take on any credit risks, they keep this to a bare minimum. Structured products still tend to advocate short-term investment solutions, whereas pension funds focus on long-term investments. The consequence of this is that the structured products sector has to rethink its offering to pension funds and provide investment boards with all of the necessary details so that they are able to make responsible investment decisions.

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Structuring Platforms – More Than Just Pricing Tools



Sylveline Besson,
Head of Capital Markets, CA Indosuez
Wealth Management, Board Member SSPA



Daniel Manser,
Structured Products Services,
Avaloq Evolution AG

Three platform providers and a buy-side representative joined the panel to discuss the exciting topic of structuring platforms. **Sylveline Besson**, Head of Capital Markets at CA Indosuez was in attendance as a representative of users and the buy-side, while providers were represented by **Jürg Schläppi**, Head GWM COO FTB Digitalization Structured Products at UBS, **Kevin Dayot**, Head Digital Offering at Leonteq Securities AG and **Santiago Schuppisser**, Group Product Manager, Wealth at Avaloq.

The panel was headed by **Daniel Manser** from Structured Products Services at Avaloq. It was quickly highlighted that what the buy-side really wants is for it to be possible to process everything on a single platform. At the moment, however, there is no such option available. Exchanges have taken note of the idea, but have not made any progress beyond that. From the perspective of providers, it is clear that the platforms are more than simply an issuing tool.



Jürg Schläppi,
Head GWM COO FTB Digitalization,
Structured Products, UBS Switzerland AG

The goal is to increase the number of trades as well as increasingly incorporate interactive elements. It has to be hybrid and regional at the same time. One aspect of the platforms that should not be underestimated is that they are also educational in nature. Nevertheless, the platforms are not a self-runner, and some parts of the value chain will remain with experts in the future.



Kevin Dayot,
Head Digital Offering,
Leonteq Securities AG



Santiago Schuppisser,
Group Product Manager, Wealth,
Avaloq

Current Regulatory Developments in Switzerland and the EU – A Legal View



Henning Bergmann, CEO and Member of the Board of Directors,
Deutscher Derivate Verband

DDV focuses on three issues: The quality of consulting, the complexity of products and disclosure requirements. In this regard, PRIIP KIDs have not met their purpose and **Henning Bergmann** does not think there is any room for further optimization or improvement.

Recent figures show that only 15.3% of investors even look at the KID. Bergmann also commented briefly on the hot topic of ESG, noting that Germany has created and approved a Sustainable Finance Code of Conduct in the area of ESG.



Daniel Häberli, Head Legal & Regulation, Swiss Structured Products Association (SSPA)

Daniel Häberli gave an update and overview on the topic of the *Basisinformationsblatt* (BIB) in Switzerland. The approach followed dictates that a PRIIP KID should be used when available, meaning there is no need to prepare an additional BIB in these cases.

One topic currently under discussion is how to legally classify actively managed certificates. A clear view is yet to emerge on this issue.



Luba Schöning, Co-founder, UMushroom

Fintech Start-Ups

Will we still need banking advisors in the future? UMushroom's business centers around this question, offering a solution through its app. It sees itself as an interactive investment selection platform, helping users arrive at informed investment decisions by crowdsourcing ideas.

It also provides a platform for B2C and B2B (2C). Working together with SIX as its main partner, it is aiming to capture the market.



Thomas Wulf, Secretary General, EUSIPA

Inside Brussels

The theme for this year centered around a comment by Charlemagne: The danger of losing touch. Governments and central banks are inflating balance sheets and flooding the markets with money, which occasionally results in zombie economies. That is to say that there are companies which have survived only thanks to COVID loans.

Issues such as ESG, crypto and COVID relief remain highly contentious and none of the EU countries are currently proposing a workable solution because the topics are too complex to find a meaningful compromise. Even the EU's post-Brexit relationship with the UK is stuck somewhere in a vacuum. All the while, the market continues to operate at a brisk pace. One important question that has to be addressed in terms of PRIIP KIDs is when investors must take on some responsibility for themselves.





ESG – Challenges and Opportunities for the Structured Products Industry



Irene Brunner, Head Exchange Traded Solutions Switzerland, BNP Paribas

Alice Loevenbruck, Head Sustainable Solutions Structuring, BNP Paribas

André Buck, Global Head Sales & Relationship Management, SIX Swiss Exchange

Alice Loevenbruck gave a brief overview of the megatrend that is ESG. Fundamentally, it should be noted that an ever-increasing number of investors are becoming aware of ESG. At the start of 2020, AuM of about USD 35 trillion were invested in ESG in the five main markets (Europe, US, Canada, Japan and Australia).

It has been estimated that investments of about USD 6.2 trillion will be required by 2030 to limit global warming by two degrees.



Irene Brunner addressed the topic of ESG in the association. As things stand, only Belgium – which now has a quality standard and label – and Germany – with its voluntary code – have put anything in writing. The SSPA will take a close look at this topic and attempt to offer assistance to the industry. How exactly this will be implemented within the association is not yet clear.

