

REGXCHANGE

UK target market research

June 10, 2020

A RegXchange analysis of a representative sample of live UK structured product trades shows that products are generally sold to experienced investors looking for growth & yield.

Since the EU PRIIPs Regulation took effect on January 2, 2018, the industry has been proactive in providing target market information for every product sold in the UK, allowing distributors to ensure that products are sold to the appropriate investors.

A brief analysis of the current outstanding products sold in the UK market available on RegXchange, which holds the regulatory data of 21 manufacturers, shows that almost all have a focus on retail investors, with 97% of products reported as having a positive retail target market, compared with 86% of products described as being suitable for professional investors (3% of which were not considered suitable for retail investors and 83% of which were considered suitable for both types of investors).

Examining the RegXchange product set further, we also conclude that in terms of knowledge and experience, 55% of the products are available to basic investors, while a remaining 41% are only available to advanced investors.

Looking at ability to bear losses, the results from RegXchange show that currently, most available products are suitable for investors that are willing to have no capital guaranteed in exchange for yield.

Finally, the RegXchange data shows that most UK products have a medium risk tolerance, which indicates that most investors are looking for structured products as a solution to obtain yield.

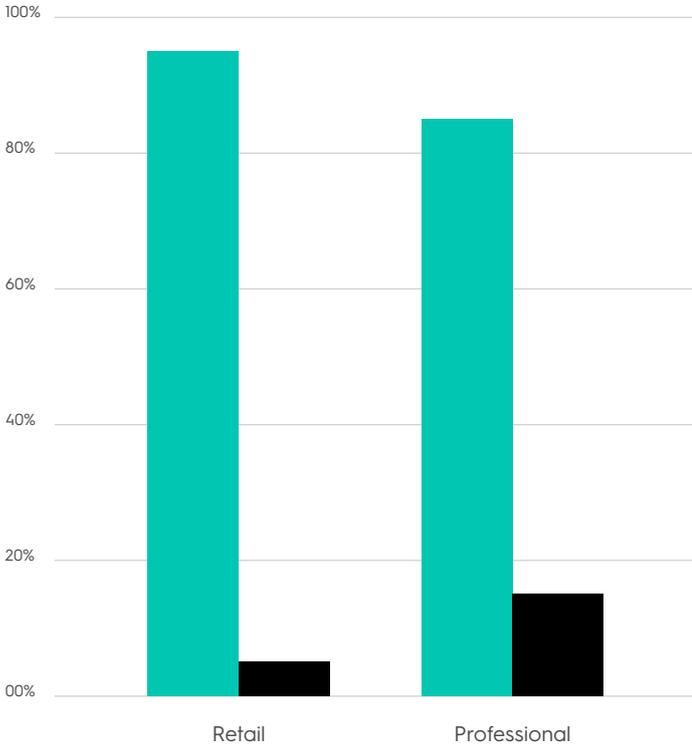
“UKSPA has played a key role in helping its members understand not just how to segment retail investors and provide independent insight into their current needs/objectives, but importantly to provide detailed analysis on the complexity of the many features found in structured products and the expected level of knowledge and experience required by the different retail segments to understand these, in both an advised and non-advised setting” concluded de Mariveles.

If you're interested in learning more about structured products or finding out more about regulatory data, please register your interest at [RegXchange](#).

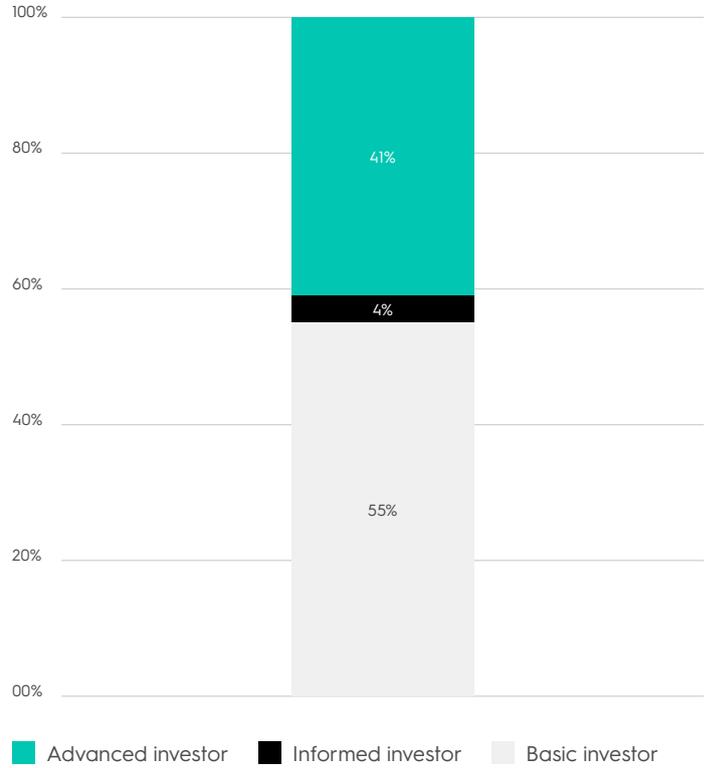
“Identifying formally the correct target market for investment products has been a recent and pivotal regulatory development within MIFiD2 for investment product manufacturers.”

Zak de Mariveles, chairman of the UK Structured Product Association (UKSPA)

Investor type

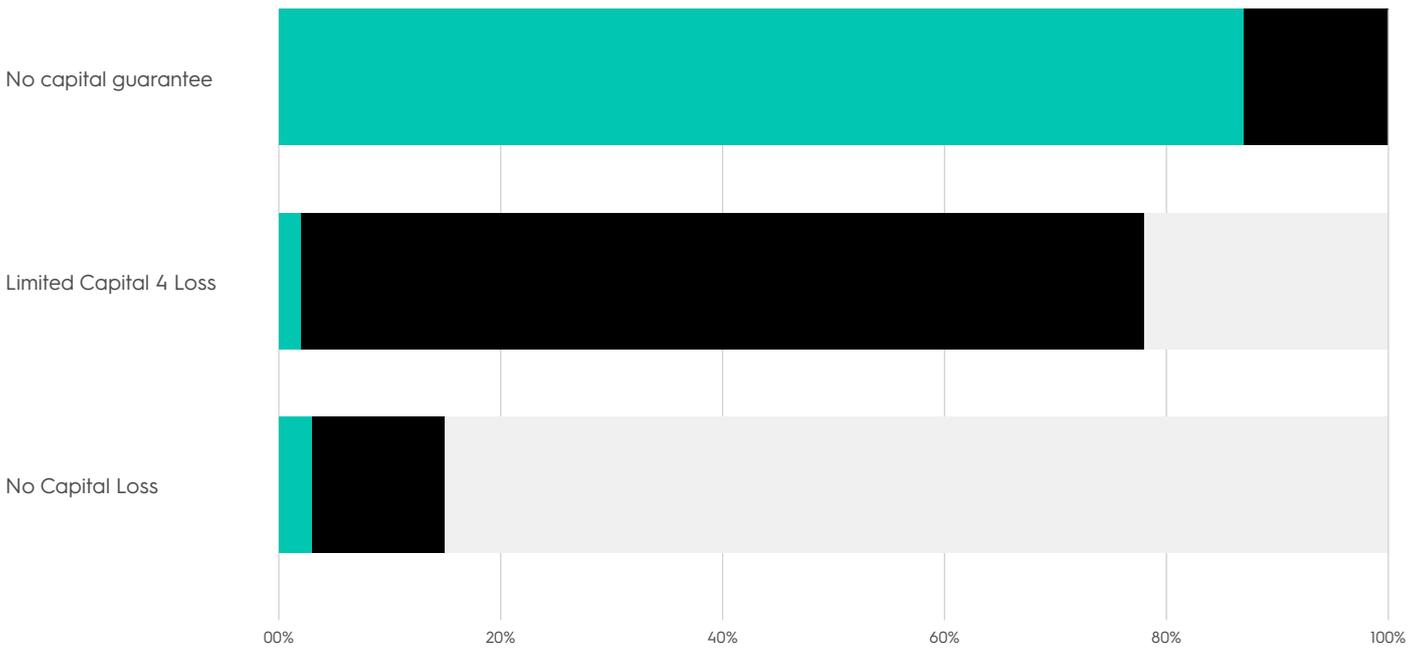


Target market knowledge and experience



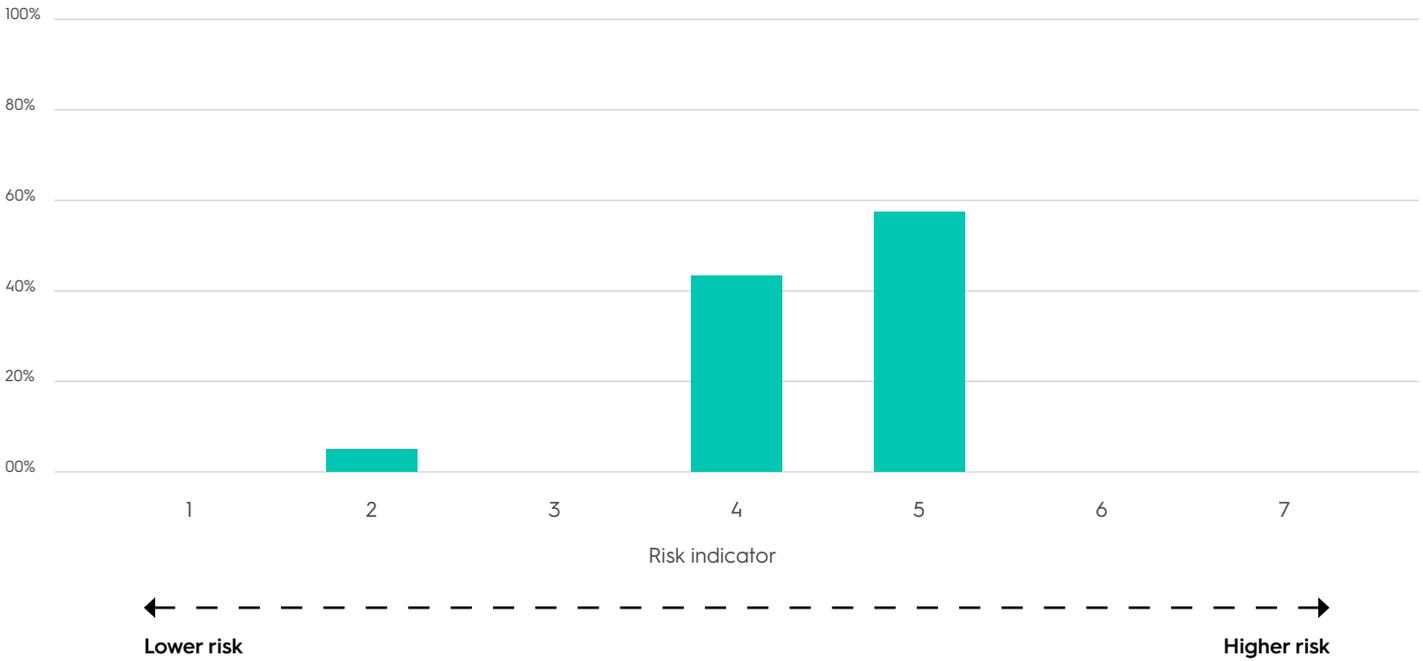
Positive Negative/Neutral

Ability to bear losses



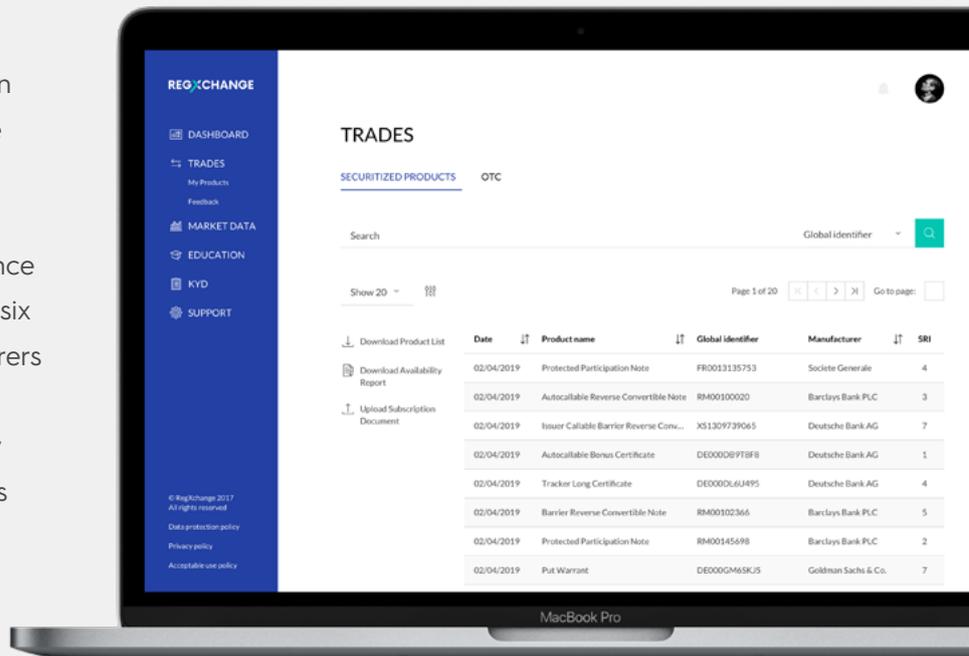
Positive Neutral Negative

Risk tolerance of investment structured products



About RegXchange

RegXchange is an industry utility regulatory compliance platform holding Key Information Documents (KIDs) and related metadata, which also facilitates the exchange of MiFID II information between sell-side and buy-side institutions. RegXchange is free to access for distributors, private banks, consumer banks, investors and online brokers. RegXchange features a wide range of manufacturers, including both those who make use of WSD’s KID document generation service PRIIP Cloud as well as those who use other third-party KID providers. Additionally, RegXchange allows distributors to provide MiFID II feedback back to manufacturers. Since January 2018, RegXchange has housed over six million structured products for 22 manufacturers in addition to storing around six terabytes versions of metadata. RegXchange currently distributes data to more than 200 distributors and data vendors.



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