

UK Structured Products Association Introduces product risk ratings

2 February 2014: Today, the UK Structured Products Association (“UKSPA”) announces the introduction of the UKSPA Risk Ratings. The purpose of the ratings is to allow financial advisers to compare different structured products more easily and help select those that match their clients’ risk profiles more closely.

The UKSPA Risk Ratings are two-dimensional, reflecting both the market risk and credit risk of a product. The market risk rating is calculated based on the volatility of the product, and ranges from 1 – 7 (similar to the SRRI rating commonly used by the fund industry). The credit risk rating is based on the credit rating of the issuer or deposit taker of the product, and ranges from A to G.

The ratings have been designed for use by financial advisers only and made available via UKSPA members’ websites.

Zak De Mariveles, Chairman of UKSPA, comments: “Up until now, whilst our members are very clear at describing key risks in their product literature, there has been no alphanumeric risk value assigned to each product such as is available within the funds industry. The introduction of the UKSPA Risk Ratings is therefore a landmark development in this market. These ratings not only give advisers the tools they need to be able to match products more closely to their clients needs, but they demonstrate the high levels of transparency that our members are committed to providing.”

More information on the UKSPA Risk Ratings, including a guide on how they are calculated is available via www.ukspassociation.co.uk.

Scale of UKSPA Risk Ratings

	Market Risk Rating	Credit Risk Rating
Lowest Risk  Highest Risk	1	A
	2	B
	3	C
	4	D
	5	E
	6	F
	7	G

For example, a product with UKSPA Risk Rating 2F has low levels of market risk but high levels of credit risk. Similarly, a product scored as 4A includes medium levels of market risk but the lowest level of credit risk.

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Note to Editors

The UK Structured Products Association ('UKSPA') was first established in 2009 in response to a need for a collective and unbiased voice for the industry. Today, the association includes 12 members, who represent some of the largest providers and distributors of structured products to UK retail investors. The purpose of the association remains the same: To provide a useful, unbiased and responsive source of information, education and comment on structured products and their use in investors' portfolios.

www.ukspassociation.co.uk