



University of  
Zurich<sup>UZH</sup>

Department of Banking and Finance  
Chair of Quantitative Finance

Bachelor thesis

# Pricing of Discount Certificates in the Swiss Structured Products Market

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# Abstract

This thesis evaluates the pricing of Structured Products in the Swiss market, namely Discount Certificates. A sample of 104 products is investigated by comparing primary market prices with according model prices. On average, substantial relative price differences in favour of the issuing entities are determined for the entire sample. This finding is in line with economical reasoning and preexisting research. Furthermore, this thesis examines the effect of the imposed distribution fee regulation. As from March 2015, the issuing entities are obliged to disclose the distribution fee in the official product documentation. The results for the sample indicate that the regulation led to increased competition and significantly lower price discrepancies in the Discount Certificates market.