



Structured Notes

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STRUCTURED NOTES WATCH

JPMORGAN SELLS BIGGEST 'WORST OF' NOTE. The offering of \$50.4 million of four-year securities is the largest in the U.S. this year. Page 2.

UBS LEADS IN ETN GROWTH. Its note assets more than doubled. Page 3.

ROYAL BANK OF CANADA SELLS NOTES TIED TO FACEBOOK. The bank issued \$14.5 million of one-year securities. Page 4.

INTERVIEW. Authors Ariel Levy and Zvi Wiener say ETN buyers aren't being compensated for credit risk. Pages 3, 5.

VOLUMES

U.S. STRUCTURED NOTES VOLUMES*	AS OF AUG. 23	1 YEAR AGO	
Last Week (Aug. 19-23)	\$514 million	\$696.6 million	↓
First Quarter	\$10.9 billion	\$11.5 billion	↓
Second Quarter	\$9.75 billion	\$9.87 billion	↓
Year To Date	\$25.3 billion	\$25.7 billion	↓
YTD Equity	\$18.4 billion	\$15.8 billion	↑
YTD Rates	\$3.57 billion	\$4.3 billion	↓
YTD Commodities	\$862.4 mln.	\$1.58 billion	↓

GLOBAL RATE LINKED NOTES**	AS OF AUG. 23	1 YEAR AGO	
Last Week (Aug. 19-23)	\$323 million	\$1.45 billion	↓
First Quarter	\$23.1 billion	\$25.3 billion	↓
Second Quarter	\$19.9 billion	\$18.6 billion	↑
Year To Date	\$49.7 billion	\$54.4 billion	↓
YTD Interest Rate Linked	\$16.2 billion	\$22.7 billion	↓
YTD Credit Linked	\$28.1 billion	\$29.3 billion	↓
YTD Inflation Linked	\$1.78 billion	\$1.38 billion	↑

* According to data compiled by Bloomberg from SEC filings.

** Based on data submitted to Bloomberg by banks. Excludes variable-principal redemption, reverse and synthetic convertibles. Global includes Euromarket issues from all nations and domestic European notes. Excludes SEC registered issues.

Fixed-Income Flight Sends Sales to 11-Year Low

BY ALASTAIR MARSH

Global sales of structured notes in August are on pace to fall to an 11-year low as investors shun the securities amid concern that fixed-income assets will be hurt by a tapering of the Federal Reserve's bond purchases.

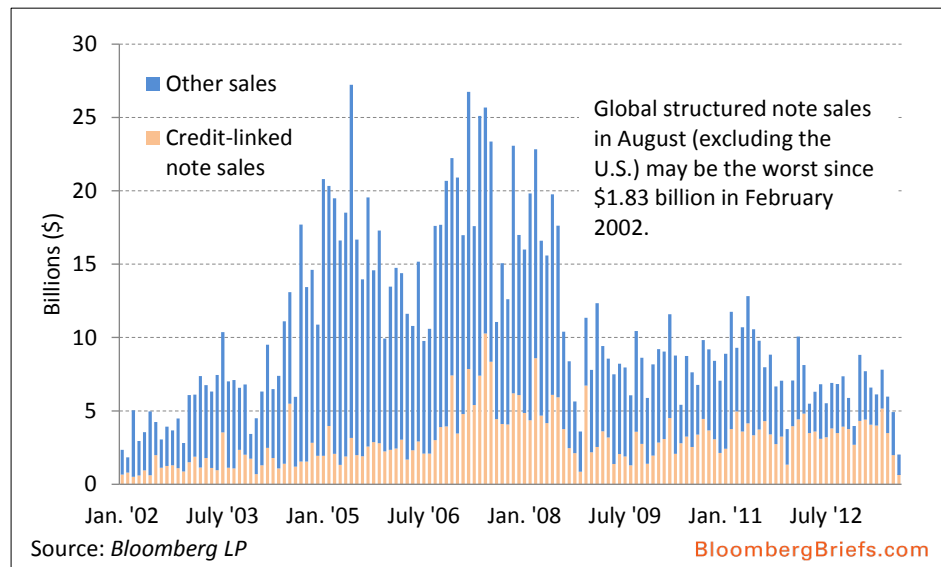
Banks sold \$2.18 billion of the securities in Europe and Asia through August 28, down from \$6.9 billion in 2012 and the least for any month since February 2002, according to data compiled by Bloomberg that exclude notes where the amount of principal returned can vary. Sales of credit-linked notes are the lowest since January 2004 at \$688 million, the data show.

Concern that the Fed is preparing to curtail unprecedented stimulus prompted investors to withdraw \$45.7 billion from debt mutual and exchange-traded funds this month through Aug. 26, the second-most for any month on record, according to data from **TrimTabs Investment Research**. Global bonds also suffered their worst losses this year since at least 1997, according to the Bank of America Merrill Lynch Global Broad Market Index.

"Investors are hesitant because they know all the subsidized liquidity will eventually be drained from the system, and they are nervous about the implications, especially the potential for rising rates," said **Nordine Farsi**, head of structured credit trading at **Landesbank Baden-Wuerttemberg** in London. "They are more cautious on fixed income at the moment, including credit-linked notes."

Sales of structured notes outside the U.S., which kept pace with the previous year in the first five months of 2013, have declined since June when Fed Chairman **Ben S. Bernanke** signaled policy makers may taper stimulus. Next month, 65 percent of economists surveyed by Bloomberg predict a winding down of the central bank's asset purchases will begin.

August Note Sales Drop, Led by Shrinking Issuance of CLNs



NEWS

JPMorgan Sells Largest 'Worst-of' Note This Year

BY KEVIN DUGAN

JPMorgan Chase & Co. sold \$50.4 million of four-year notes tied to the least performing of two stock indexes and an exchange-traded fund, the largest "worst of" offering this year.

The securities, issued on Aug. 21, yield 8 percent a year as long as the Standard & Poor's 500 Index, the Russell 2000 Index and the iShares MSCI EAFE ETF are all at least 60 percent of their initial value with all capital at risk, according to a prospectus filed with the U.S. Securities and Exchange Commission. The bank distributed the notes, which can be called in as soon as three months, for a 1.75 percent fee and estimated their value at 97 cents on the dollar at the time of sale.

Justin Perras, a spokesman for JPMorgan in New York, declined to comment.

Sales of worst-of notes have soared to \$1.27 billion this year, 23 percent more than the \$1.03 billion issued in all of 2012, according to data compiled by Bloomberg. The securities have become more popular as issuers look for ways to construct bonds with higher yields.

Correlation between changes in the Russell 2000 and iShares MSCI EAFE dropped to .76 this year from .83 for all of 2012, Bloomberg data show. The closer the correlation is to one, the more the prices of assets tend to move together. Notes tied to less correlated assets can give investors better terms.

FIXED-INCOME FLIGHT ...

Since Bernanke's June comments, he and his fellow policy makers have sought to reassure investors that paring stimulus doesn't signal a tightening of monetary policy. San Francisco President **John Williams** said Aug. 27 that the Fed needs to coordinate its message "effectively" with other central bankers to help avoid "at least somewhat the risks of big market turmoil."

The lack of clarity around the Fed's future course of action has damped sales of longer-dated, fixed-rate notes, said **Annemarie Ganatra**, the global head of medium-term and structured notes at **HSBC Holdings Plc** in London.

DZ Bank AG was the biggest issuer in August with sales of \$393.2 million, while **HSBC Holdings Plc** sold the second-largest amount of securities, or \$188.9 million.

In the U.S., issuance was \$1.66 billion through Aug. 23, which is 68 percent higher than the \$990.5 million for the same period last month. July's total sales were \$2.95 billion, as many U.S. deals come in at month's end.

Banks typically issue less structured notes in July and August than in other months because of the U.S. and European vacation season, said **Charles Kermisch**, a director of European credit and liquidity operations at **Credit Suisse Group AG** in London.

What made the seasonal trend worse this year, he said, was that banks can obtain cheap funds from central banks, so aren't willing to pay buyers as much for structured notes. This typically results in lower yields for credit-linked notes, which makes them less attractive, he said.

Most Traded U.S. Equity Linked

ISSUER	BBG ID	VOL. (MLN.)*
Deutsche Bank (1)	RC3762593	671.1
Citigroup (2)	RD6968443	225.0
HSBC (3)	RC5648428	200.0
Morgan Stanley (4)	RC7282200	167.5
Citigroup (5)	RC5256461	142.3
Royal Bank Canada (6)	RD5509826	120.0
Bank of America (7)	CN4036833	114.8

(1) 3-yr. "return optimization" notes tied to a global fund basket, maturing 11/29/13

(2) 10-yr. "trigger performance" notes tied to Euro Stoxx 50 Index, maturing 4/28/23

(3) 5-yr. "trigger performance" notes tied to an international fund basket, maturing 5/31/16

(4) 5-yr. "trigger plus" notes tied to S&P 500 Index, maturing 8/16/16

(5) 5.5-yr. "principal protected" notes tied to S&P 500, maturing 9/28/15

(6) 13-mo. "return optimization" notes tied to the Russell 2000 Index, maturing 3/31/14

(7) 2-yr. "step up" notes tied to S&P 500, maturing 7/25/14

*For the most recent 5 days as of Aug. 26, 2013.

Source: *Finra's Trace*

Career Moves? Promotions?

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REPORTS

U.S. ETNs Fail to Account for Credit Risk, Study Says

"Counterparty Risk in Exchange-Traded Notes," an academic paper that appeared this summer in the Journal of Fixed Income, looks at the "issue of credit risk embedded in ETN securities (See Voices interview on page 5 for more). The risk is real, the authors observe, citing three **Lehman Brothers Holding Inc.** exchange-traded notes that stopped trading when the bank defaulted.

Authors: Balazs Cserna, Ariel Levy, Zvi Wiener

Methods: The study tracks 17 U.S. ETNs, issued by Barclays Plc, Deutsche Bank AG, Morgan Stanley and UBS AG, that traded more than 100,000 units per day, from 2006 through the end of 2011. The products tracked various markets from oil and agriculture to metals.

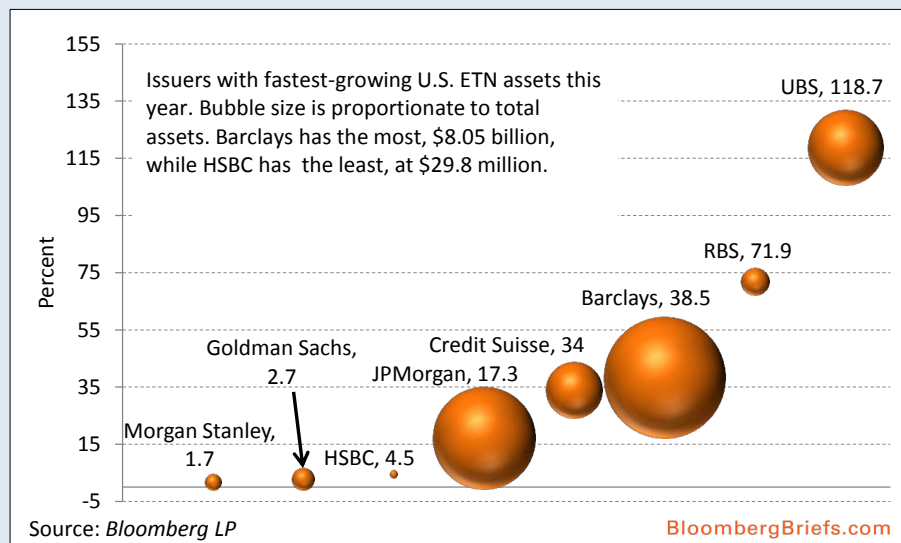
What did the authors find?

A "significant default risk" should be priced into ETNs. There were periods when the discount for the notes examined should have been more than 40 basis points, they say. During times of extreme financial stress in 2009 and 2011, it should have been higher than 80 basis points for some securities. However, they say, "ETNs have often traded with positive premiums for an extended period."

How did they calculate the maturity of an ETN, for determining the appropriate level of credit risk?

ETNs, though they have long maturities (usually more than 30 years), can be redeemed anytime in a process that typically spans no more than five business days, according to the study. The early redemption option effectively transforms the products

UBS More Than Doubles U.S. ETN Assets



UBS AG's U.S. exchange-traded notes grew the most this year, to \$3.08 billion of assets, Bloomberg data show. **Royal Bank of Scotland Group Plc's** ETNs expanded 72 percent, the second-highest rate. Three issuers saw their assets drop: **Citigroup Inc.** (9.4 percent), **Deutsche Bank AG** (5 percent) and **SEK** (0.8 percent).

into short-term debt securities with a maturity of about a week.

How did they calculate credit risk?

They modeled the price as one would with any bond that stands a chance of default. Normally though, with a time horizon as short as a week, the risk would be very low. The authors, however, assume "imperfect accounting information" -- which introduces a possibility that the bank is already in default, unknown to the investor, thus raising the level of potential risk. They use credit-default swap prices on short-term contracts for data to plug into the model.

Could the study have overstated credit risk in ETNs?

The authors do look at alternative measures for determining levels of credit risk, to test the robustness of their numbers. And they do find levels of implied credit risk to be lower, for example, when using the difference between Libor rates and the overnight-indexed swap rate for a similar one-week period. During the timeframe of the study, the risk implied by the Libor-OIS gap is mostly 10 to 20 basis points. The authors note though that Libor is a composite rate and doesn't represent the default risk of a specific bank. Also, they point out, "Libor rates have been highly criticized over the past few years, with allegations that they have been subject to manipulation."

— Richard Bedard

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NOTES SOLD

SEC-REGISTERED NOTES

■ **Royal Bank of Canada** sold \$14.5 million of auto-callable notes tied to **Facebook Inc.**, the largest offering linked to the company since June 13. The one-year securities, issued Aug. 23, pay quarterly coupons of 3.2875 percent as long as the stock price doesn't fall more than 25 percent, with all capital at risk, according to a prospectus filed with the U.S. Securities and Exchange Commission. The bank distributed the notes for a 1.5 percent fee. BBG ID RD8893581

■ **Morgan Stanley** sold \$23.6 million of auto-callable notes tied to **Ford Motor Co.**, the largest offering linked to the company since April 11. The three-year securities, issued Aug. 23, pay coupons at a 9 percent annual rate as long as the

stock price doesn't drop more than 25 percent, with all capital at risk, according to a prospectus filed with the SEC. The bank distributed the notes for a 2.25 percent fee. BBG ID RD8893581

■ **Morgan Stanley** sold \$41.2 million of notes tied to the **Euro Stoxx 50 Index**, the largest offering linked to the benchmark since July 25. The three-year securities, issued Aug. 19, yield twice the gains of the index, with returns capped at 45 percent and protection against 10 percent of losses, according to a prospectus filed with the SEC. The bank distributed the notes for a 3 percent fee. BBG ID EJ8052676

■ **Wells Fargo & Co.** sold \$33.4 million of callable step-up notes, its largest such offering since Jan. 24. The 20-year secu-

rities, issued Aug. 21, pay 4 percent for the first six years, then the rate increases four times to 6.5 percent for the last two years, according to a prospectus filed with the SEC. The bank distributed the securities for a 2.25 percent fee. BBG ID EJ7920303

■ **UBS AG** sold \$34.5 million of auto-callable notes tied to **Bank of America Corp.**, the largest offering linked to the company since May 17. The three-year securities, issued Aug. 23, yield 8.1 percent in coupons annually, as long as the stock price doesn't fall more than 20 percent, with all capital at risk, according to a prospectus filed with the SEC. The bank distributed the securities for a 2.25 percent fee. BBG ID ZT1760866

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VOICES

Levy, Wiener Say U.S. ETN Holders Aren't Being Compensated for Credit Risk

Ariel Levy and **Zvi Wiener** are the authors, along with **Balazs Cserna**, of a recently published paper, "Counterparty Risk in Exchange-Traded Notes," which may be the first study of credit risk in the securities. They examined trading in U.S. ETNs and found the securities don't compensate investors for accepting the risk of an issuer defaulting. They spoke to Kevin Dugan in a conference call.

Q: What are the most important points to take away from your paper?

Levy: The most important point is that credit risk does exist and it's not priced. Many investors are holding these securities not knowing or not being compensated for that risk.

We manage to estimate the magnitude of what we think should be the discounts that ought to be priced into ETNs because of credit risks. They turn out to be substantial. You can't really disregard the magnitude. There's no correlation between the discounts and the credit measures implied by credit default swaps. It's not only that you're being undercompensated for risk. It seems that you're not even being compensated at all for credit risk.

Q: You say in your paper that "the relevant time horizon for default risk in ETNs is very short," about a week, because of the time to process the redemption request. Does that period exacerbate short-term credit risks for buyers?

Wiener: The standard argument is that these are convertible. So at any moment you can get significant numbers of the ETN. The standard argument is that because of this convertibility there is no credit risk. At any time, when the value starts falling, you just bring the security and you get the underlying asset. We argue that this is incorrect, and we use a relatively short time period to estimate the credit risk.

Q: Would you say that ETNs are fairly or rationally priced?

Wiener: They're fairly priced, but there is an important component that is completely ignored by the market. This is the key point of our study.

Levy: We were trying to avoid making any judgments about the rationality of investments. It's not necessarily the irrationality of investors, it's the lack of competition in the market.

Q: A published report cited an unnamed source at a bank who said that the ETNs you looked at were closed to further creations, and that your study looked at premiums and discounts when underlying markets were closed, which would affect their market premiums. How do you respond to that?

Levy: First, it's true that certain periods of time, the issuance of new notes or new shares were limited or closed.

[But] we see the phenomena through the entire period, from 2006 to the end

of 2012, regardless of the specific fractions of time when new issuance was limited. If it were only to be because of lack of issuance of new notes, then you would have to see that leap in a major part of our sample notes. Even if you exclude those time periods for specific ETNs, which are not that many, you still get that phenomena.

The other point regarding mismatch in quotes, the same thing. If we were missing the actual fair value by a few minutes consistently every day, we would still need to see some correlation in credit risk. It's not updated on a minute-by-minute level. There would need to see some response to credit risk. We still don't see that.

Q: During the peak of the financial crisis, there was a huge though brief surge in short-term credit risk. Did you see any evidence of ETN prices jumping around at this time, inconsistent with the changes in the underlyings, that might reflect investor concern about that risk?

Levy: With the exception of one ETN, we see no sensitivity at peaks of the financial crisis in 2009, 2010, late 2011, when CDS levels really peaked. The only one that seems to respond to credit risk, especially around those peaks, was CNY [the Market Vectors-Renminbi/USD note, issued by Morgan Stanley], which tracks Chinese currency.

This interview was edited for length.

AT A GLANCE



Zvi Wiener (Age: 47)

Career: Head of finance department, School of Business Administration, The Hebrew University of Jerusalem, Israel; head of Optimize Risk Management Ltd., a consulting firm

Education: The Weizmann Institute, PhD in mathematics; Wharton School of the University of Pennsylvania, post-doctorate studies in finance

Family: Wife Daphna, two sons and two daughters

Hobbies: running (1:25 semi-marathon, 38 min 10k), mathematics



Ariel Levy (Age: 37)

Career: Research fellow at the finance and economics division, the William Davidson Faculty of Industrial Engineering and Management, at Technion, Israel, since 2009

Education: Hebrew University of Jerusalem, bachelor's in philosophy and economics; University of California at Los Angeles, master's and PhD in economics

Family: Single

Hobbies: Swimming, running, travel, modern art

U.S. RANKINGS BY ASSET CLASS

All Asset Classes

SEC-REGISTERED STRUCTURED NOTE ISSUERS*	2013 YEAR-TO-DATE			
	RANK	MARKET SHARE	VOLUME USD (MLN)	DEAL COUNT
Bank of America	1	13.3%	3,355.1	92
Morgan Stanley	2	12.4%	3,137.3	415
JPMorgan	3	11.8%	2,987.5	788
Barclays	4	10.9%	2,761.3	510
Goldman Sachs	5	10.2%	2,567.7	332
HSBC	6	7.9%	2,006.3	377
RBC	7	7.6%	1,913.3	486
Credit Suisse	8	6.7%	1,694.6	304
UBS	9	5.1%	1,288.3	1,358
Deutsche Bank	10	3.8%	971.9	155
Citigroup	11	3.1%	788.9	126
Wells Fargo	12	2.4%	607.3	67
Toyota	13	1.8%	450.0	7
Scotiabank	14	1.2%	293.5	39
SEK	15	1.1%	280.7	15
BMO	16	0.5%	122.2	49
SunTrust	17	0.1%	34.6	5
Lloyds	18	0.1%	17.9	2
CIBC	19	0.0%	3.3	1
TOTAL (JAN. 1-AUG. 23, 2013)		100.0%	25,281.8	5,128

Interest Rate-Linked

SEC-REGISTERED STRUCTURED NOTE ISSUERS*	2013 YEAR-TO-DATE			
	RANK	MARKET SHARE	VOLUME USD (MLN)	DEAL COUNT
Goldman Sachs	1	20.6%	734.7	40
Morgan Stanley	2	15.5%	552.3	17
Toyota	3	12.6%	450.0	7
JPMorgan	4	11.0%	390.8	45
RBC	5	9.0%	319.1	25
Barclays	6	8.9%	318.4	43
Wells Fargo	7	7.2%	257.0	17
Citigroup	8	5.0%	177.5	19
Scotiabank	9	4.0%	142.8	12
Bank of America	10	2.0%	72.8	5
HSBC	11	1.8%	63.3	9
SunTrust	12	1.0%	34.6	5
Deutsche Bank	13	0.7%	26.1	8
Lloyds	14	0.5%	17.9	2
BMO	15	0.2%	5.4	3
Credit Suisse	16	0.1%	2.6	1
TOTAL (JAN. 1-AUG. 23, 2013)		100.0%	3,565.4	258

Equity-Linked

SEC-REGISTERED STRUCTURED NOTE ISSUERS*	2013 YEAR-TO-DATE			
	RANK	MARKET SHARE	VOLUME USD (MLN)	DEAL COUNT
Bank of America	1	16.8%	3,077.2	69
Morgan Stanley	2	12.8%	2,356.1	347
Barclays	3	11.1%	2,044.5	329
JPMorgan	4	11.0%	2,015.1	490
HSBC	5	8.8%	1,624.1	327
Goldman Sachs	6	8.4%	1,545.0	246
Credit Suisse	7	7.9%	1,454.2	271
RBC	8	6.8%	1,248.3	178
UBS	9	5.9%	1,076.7	909
Deutsche Bank	10	3.2%	595.2	97
Citigroup	11	2.4%	438.0	83
Wells Fargo	12	1.9%	350.3	50
SEK	13	1.5%	270.5	13
Scotiabank	14	0.8%	149.2	26
BMO	15	0.6%	116.3	45
CIBC	16	0.0%	3.3	1
TOTAL (JAN. 1-AUG. 23, 2013)		100.0%	18,364.1	3,481

Commodity-Linked

SEC-REGISTERED STRUCTURED NOTE ISSUERS*	2013 YEAR-TO-DATE			
	RANK	MARKET SHARE	VOLUME USD (MLN)	DEAL COUNT
Barclays	1	24.5%	211.2	31
Deutsche Bank	2	15.4%	132.7	13
JPMorgan	3	13.0%	112.2	15
Goldman Sachs	4	11.6%	100.0	2
Bank of America	5	11.5%	98.8	8
Morgan Stanley	6	9.4%	80.9	15
Citigroup	7	4.9%	41.9	4
UBS	8	3.9%	33.5	9
HSBC	9	3.4%	29.3	3
RBC	10	1.1%	9.6	1
Credit Suisse	11	0.7%	6.4	2
SEK	12	0.7%	6.0	1
TOTAL (JAN. 1-AUG. 23, 2013)		100.0%	862.4	104

*According to data compiled by Bloomberg from SEC filings.

EUROPEAN RANKINGS BY ASSET CLASS

All Asset Classes

STRUCTURED NOTE ISSUERS*	2013 YEAR-TO-DATE			
	RANK	MARKET SHARE	VOLUME USD (MLN)	DEAL COUNT
DZ Bank AG	1	33.2%	13967.50	229
Societe Generale SA	2	9.5%	4010.76	205
LBBW	3	8.8%	3717.99	56
Deutsche Bank AG	4	6.2%	2626.40	79
Nordea Bank AB	5	2.6%	1091.86	108
Credit Agricole Groupe	6	2.5%	1046.68	98
Barclays PLC	7	2.5%	1044.53	44
Standard Chartered PLC	8	2.3%	959.77	111
WGZ Beteiligungs GmbH	9	2%	821.51	17
HSBC Holdings PLC	10	1.8%	756.32	60
JPMorgan Chase & Co	11	1.8%	755.34	100
DekaBank Deutsche Giroz.	12	1.7%	734.30	48
Sparkassen- und Giroverband	13	1.7%	727.58	8
BNP Paribas SA	14	1.7%	710.89	67
Credit Suisse Group AG	15	1.6%	667.53	36
BayernLB Holdings AG	16	1.6%	659.16	7
UniCredit SpA	17	1.4%	595.63	18
ING Groep NV	18	1%	406.23	57
Intesa Sanpaolo SpA	19	0.9%	392.76	1
HSH Finanzfonds AoeR	20	0.9%	389.51	18
TOTAL (JAN. 1-AUG. 23, 2013)	97	100%	42,066.68	1,793

Interest Rate-Linked

STRUCTURED NOTE ISSUERS*	2013 YEAR-TO-DATE			
	RANK	MARKET SHARE	VOLUME USD (MLN)	DEAL COUNT
DZ Bank AG	1	30.3%	3753.75	71
Societe Generale SA	2	11.3%	1393.63	27
Deutsche Bank AG	3	7.9%	982.97	14
WGZ Beteiligungs GmbH	4	6.6%	821.51	17
Sparkassen- und Giroverband	5	5.5%	682.32	6
Barclays PLC	6	4%	496.87	11
Intesa Sanpaolo SpA	7	3.2%	392.76	1
Muenchener Hypothekenbank	8	2.9%	357.82	12
Credit Agricole Groupe	9	2.6%	317.17	21
HSBC Holdings PLC	10	2.4%	291.81	11
HSH Finanzfonds AoeR	11	2.1%	261.94	6
Kommunekredit	12	1.2%	150.00	1
ING Groep NV	13	1.1%	141.42	16
Standard Chartered PLC	14	1.1%	132.00	5
BayernLB Holdings AG	15	1.1%	130.64	1
Caisse des Depots et Consign.	16	1%	126.12	1
Goldman Sachs Group Inc.	17	1%	120.20	2
State of Baden-Wurtemberg	18	1%	118.51	6
BNP Paribas SA	19	0.9%	109.79	11
Banque et Caisse d'Epargne	20	0.8%	103.78	8
TOTAL (JAN. 1-AUG. 23, 2013)	60	100%	12,369.60	327

Credit-Linked

STRUCTURED NOTE ISSUERS*	2013 YEAR-TO-DATE			
	RANK	MARKET SHARE	VOLUME USD (MLN)	DEAL COUNT
DZ Bank AG	1	41.8%	10213.75	158
LBBW	2	14.1%	3446.11	53
Societe Generale SA	3	8.1%	1980.24	153
Deutsche Bank AG	4	4.5%	1103.04	50
Nordea Bank AB	5	4.5%	1091.86	108
Standard Chartered PLC	6	3%	739.05	89
JPMorgan Chase & Co	7	3%	730.47	99
DekaBank Deutsche Giroz.	8	2.7%	667.88	46
UniCredit SpA	9	2.1%	505.90	15
Barclays PLC	10	2%	482.00	24
Credit Suisse Group AG	11	1.8%	439.58	24
BNP Paribas SA	12	1.7%	424.19	48
HSBC Holdings PLC	13	1.6%	399.84	48
VIS Finance SA	14	1.4%	339.83	65
Credit Agricole Groupe	15	1.4%	337.65	36
ING Groep NV	16	1.1%	264.80	41
Skandinaviska Enskilda	17	0.7%	172.27	40
Banco Espirito Santo SA	18	0.5%	133.13	17
Emerald Capital Ltd/Ireland	19	0.4%	106.92	4
Stichting AssetSecur	20	0.4%	100.07	2
TOTAL (JAN. 1-AUG. 23, 2013)	47	100%	24,437.50	1,206

Inflation-Linked

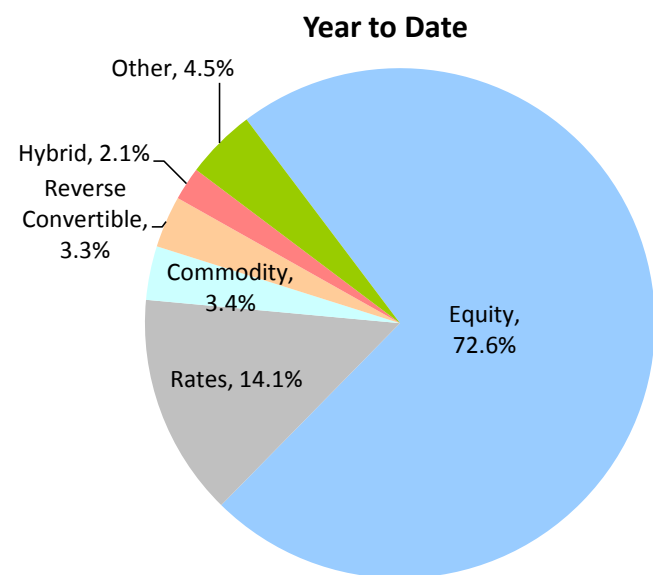
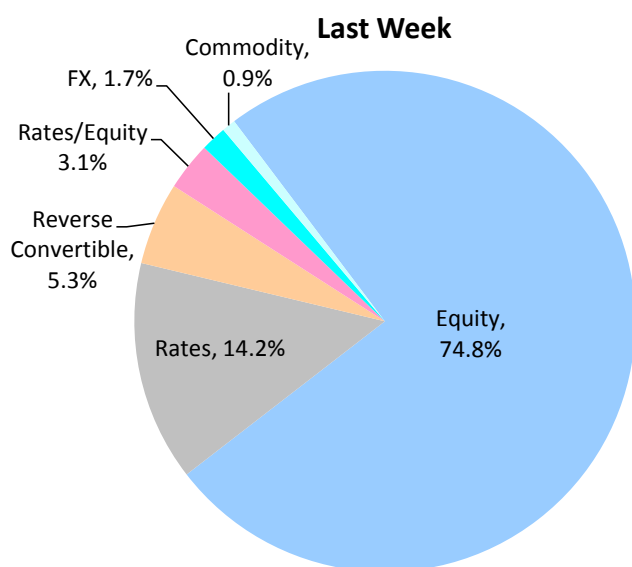
STRUCTURED NOTE ISSUERS*	2013 YEAR-TO-DATE			
	RANK	MARKET SHARE	VOLUME USD (MLN)	DEAL COUNT
Mediobanca SpA	1	16.8%	294.27	2
Raiffeisen Landesbanken	2	15%	262.53	2
LBBW	3	14.8%	258.87	2
Uliving@Herfordshire PLC	4	12.4%	217.46	1
Societe Generale SA	5	8%	140.67	3
BayernLB Holdings AG	6	7.6%	133.06	1
HSH Finanzfonds AoeR	7	5.8%	100.91	8
Deutsche Bank AG	8	4.8%	83.25	1
BNP Paribas SA	9	4.4%	76.65	1
Enel SpA	10	3.7%	64.49	1
Sparkassen- und Giroverband	11	1.8%	32.34	1
Banco Santander SA	12	1.1%	20.00	1
Van Lanschot NV	13	1.1%	18.61	4
Credit Mutuel-CIC Group	14	0.7%	13.00	1
Credit Agricole Groupe	15	0.7%	12.28	1
UK Financial Investments Ltd	16	0.5%	8.45	2
Banque et Caisse d'Epargne	17	0.4%	6.65	1
Volksbanken Holding eingetrag.	18	0.2%	3.99	1
Nordea Bank AB	19	0.2%	2.65	1
Barclays PLC	20	0%	0.45	1
TOTAL (JAN. 1-AUG. 23, 2013)	20	100%	1,751.00	36

*According to data compiled by Bloomberg that excludes variable-principal redemption notes.

ASSET CLASS BREAKDOWN

SEC-REGISTERED NOTES*

Investors bought \$384.5 million of notes tied to equities last week in 91 deals. Seven of the eight largest sales overall were linked to stocks, with three tied to individual equities. **JPMorgan Chase & Co.** issued \$50.4 million of four-year securities linked to a basket of two indexes and an exchange-traded fund, the biggest offering of the week. Rate-tied notes accounted for \$73 million of sales. Banks issued \$27.4 million of reverse convertibles in 21 deals. **Morgan Stanley** sold \$6.2 million of “worst of revcons” linked to the IBEX 35 Index and the FTSE MIB Index, the largest offering in this category. There were \$8.52 million of currency-tied notes issued in five deals.



Source: Bloomberg LP

BloombergBriefs.com

RANKINGS

Global Underwriters**

GLOBAL RATES-BASED STRUCTURED NOTE UNDERWRITERS**	2013 YEAR-TO-DATE			
	RANK	MARKET SHARE	VOLUME USD (MLN)	DEAL COUNT
DZ Bank AG	1	29.3%	14576.86	247
Societe Generale	2	8.1%	4001.57	204
LBBW	3	7.7%	3815.22	66
Deutsche Bank AG	4	5.8%	2863.69	97
Barclays	5	5.3%	2637.81	55
HSBC Bank PLC	6	4.3%	2126.50	107
JPMorgan	7	3.5%	1754.60	155
Credit Agricole CIB	8	2.3%	1146.68	99
Citigroup	9	2.1%	1038.46	72
Nordea	10	2.1%	1025.91	91
Standard Chartered Bank	11	1.9%	959.77	111
BNP Paribas Group	12	1.7%	842.29	67
Bank of America Merrill Lynch	13	1.6%	796.81	60
BayernLB	14	1.5%	759.39	8
Dekabank	15	1.5%	734.30	48
Morgan Stanley	16	1.4%	713.33	24
Landesbank Hessen-Thuringen	17	1.4%	694.91	7
Credit Suisse	18	1.4%	692.52	40
UBS	19	1.3%	663.82	91
WGZ-Bank	20	1.3%	656.23	13
TOTAL (JAN. 1-AUG. 23, 2013)	86	100%	49,701.30	2,230

U.S. Underwriters*

U.S. REGISTERED STRUCTURED NOTE UNDERWRITERS**	2013 YEAR-TO-DATE			
	RANK	MARKET SHARE	VOLUME USD (MLN)	DEAL COUNT
Bank of America	1	24.7%	6,235.7	205
JPMorgan	2	18.6%	4,698.6	976
UBS	3	12.3%	3,118.6	1,766
Morgan Stanley	4	10.6%	2,673.3	317
Goldman Sachs	5	8.3%	2,086.1	277
Barclays	6	5.3%	1,347.9	369
RBC	7	4.4%	1,101.5	377
Credit Suisse	8	3.1%	784.2	240
Citigroup	9	2.8%	702.8	109
HSBC	10	2.6%	669.2	274
Wells Fargo	11	2.4%	612.2	70
Deutsche Bank	12	2.2%	567.8	54
Incapital	13	1.3%	330.4	17
Scotiabank	14	0.8%	196.6	25
BMO	15	0.5%	122.1	47
SunTrust	16	0.1%	34.6	5
TOTAL (JAN. 1-AUG. 23, 2013)		100.0%	25,281.8	5,128

*According to data compiled by Bloomberg from SEC filings.

**Based on data submitted to Bloomberg by banks. Excludes variable-principal redemption, reverse- and synthetic-convertibles. Global includes Euromarket issues from all nations and domestic European notes. Excludes SEC registered issues.

U.S. SEC-REGISTERED NOTES

NOTES SOLD IN EXCESS OF \$1 MILLION THE WEEK OF AUG. 19, 2013.

ISSUER	BBGID	TRADE DATE	AMOUNT IN MLNS	UNDERWRITER	TYPE	TERM IN MONTHS	CALLABLE	UNDERLYING
JPMorgan	BBG005496X87	21-Aug-13	\$50.4	JPMorgan	Equity-Linked	48	Yes	spx, rty, efa
Morgan Stanley	BBG0055V3D39	19-Aug-13	\$41.2	Morgan Stanley	Equity-Linked	36	No	sx5e
UBS	BBG00564ZMN1	23-Aug-13	\$34.5	UBS	Equity-Linked	36	Yes	bac
Wells Fargo	BBG0053YGDN9	21-Aug-13	\$33.4	Wells Fargo	Rates	240	Yes	Step-Up Callable
Morgan Stanley	NA	23-Aug-13	\$23.6	Morgan Stanley	Equity-Linked	36	Yes	f
Credit Suisse	BBG0053YBTN9	23-Aug-13	\$16.3	Credit Suisse	Equity-Linked	24	No	spx, eem
RBC	BBG005583DJ3	23-Aug-13	\$14.5	RBC	Equity-Linked	12	Yes	fb
UBS	BBG00564ZMK4	20-Aug-13	\$12.9	UBS	Equity-Linked	60	Yes	sx5e, rty
RBC	BBG00517K1P9	23-Aug-13	\$10.8	RBC	Rates	60	No	libor
HSBC	BBG00548HT40	19-Aug-13	\$10.5	HSBC	Equity-Linked	60	No	spx, rty, mdy
HSBC	BBG004YZ6PX8	20-Aug-13	\$10.2	HSBC	Rates	120	No	libor
Bank of America	BBG00548JVT6	19-Aug-13	\$10.0	Bank of America	Rates	240	No	cms
Morgan Stanley	BBG00554CQQ5	19-Aug-13	\$10.0	Morgan Stanley	Rates/Equity	180	No	cms, spx
UBS	BBG00564ZMM2	23-Aug-13	\$9.1	UBS	Equity-Linked	36	Yes	aig
Goldman Sachs	BBG00548BKQ1	20-Aug-13	\$8.9	Goldman Sachs	Equity-Linked	42	No	spx
Barclays	BBG0055C3PY0	20-Aug-13	\$8.8	Barclays	Equity-Linked	36	Yes	spx, rty, efa
Barclays	BBG0055C3PY0	20-Aug-13	\$8.4	Barclays	Equity-Linked	36	Yes	efa, spx, rty
Barclays	BBG0055QPBM9	23-Aug-13	\$8.3	Morgan Stanley	Equity-Linked	36	Yes	mos
Credit Suisse	BBG004X7S3L9	23-Aug-13	\$7.0	Credit Suisse	Equity-Linked	72	No	sx5e
Citigroup	BBG004XDTGJ9	23-Aug-13	\$7.0	Citigroup	Rates	60	No	libor
Barclays	BBG00558C573	20-Aug-13	\$6.4	Barclays	Equity-Linked	24	No	spx
Morgan Stanley	BBG0055V1Z87	21-Aug-13	\$6.2	Morgan Stanley	RevCon	12	No	ibex, mib
JPMorgan	BBG0054BCV16	19-Aug-13	\$6.0	JPMorgan	Rates/Equity	180	Yes	spx, libor
JPMorgan	BBG0054976Q5	21-Aug-13	\$5.2	JPMorgan	Equity-Linked	36	Yes	spx, vti
Credit Suisse	BBG004X7MOX8	23-Aug-13	\$4.8	Credit Suisse	Equity-Linked	36	Yes	spx, rty
RBC	BBG0055FRL03	23-Aug-13	\$4.7	RBC	Equity-Linked	18	No	spx
RBC	BBG0055FQJN4	23-Aug-13	\$4.6	UBS	RevCon	6	No	clf
Credit Suisse	BBG004XCM7B6	19-Aug-13	\$4.6	Credit Suisse	Equity-Linked	12	Yes	spx, rty, gdx
Credit Suisse	BBG005404MZZ	23-Aug-13	\$4.1	Credit Suisse	Equity-Linked	120	Yes	spx
Credit Suisse	BBG0055FLB38	22-Aug-13	\$4.0	Incapital	Equity-Linked	120	Yes	spx, rty, sx5e
Deutsche Bank	BBG0054B40N9	19-Aug-13	\$4.0	Deutsche Bank	Equity-Linked	24	No	sx5e
Morgan Stanley	BBG005617QV0	23-Aug-13	\$3.9	UBS	RevCon	12	Yes	hov
Barclays	BBG0055XM9D2	23-Aug-13	\$3.7	UBS	Equity-Linked	60	Yes	fb
Deutsche Bank	BBG0055FZZ21	21-Aug-13	\$3.6	JPMorgan	Commodity	12	No	crude
JPMorgan	BBG0055V45R9	23-Aug-13	\$3.6	JPMorgan	Equity-Linked	12	Yes	f
Deutsche Bank	BBG0055QPB76	23-Aug-13	\$3.5	UBS	Equity-Linked	36	No	sx5e
Goldman Sachs	BBG0055WNTT2	22-Aug-13	\$3.1	JPMorgan	FX	12	No	brl
Morgan Stanley	NA	23-Aug-13	\$3.0	Morgan Stanley	Equity-Linked	60	Yes	nky, sx5e
JPMorgan	BBG0055XJ1L4	22-Aug-13	\$3.0	JPMorgan	Equity-Linked	6	Yes	bks
JPMorgan	BBG0055XJ3V9	22-Aug-13	\$3.0	JPMorgan	Equity-Linked	12	Yes	mdr
RBC	BBG0054B1Z37	19-Aug-13	\$3.0	RBC	Equity-Linked	18	No	mxea
RBC	BBG0054B1Z28	19-Aug-13	\$3.0	RBC	Equity-Linked	24	No	mxea
UBS	BBG00564X3J0	23-Aug-13	\$3.0	UBS	Equity-Linked	18	Yes	apc

U.S. SEC REGISTERED NOTES

ISSUER	BBGID	TRADE DATE	AMOUNT IN MLNS	UNDERWRITER	TYPE	TERM IN MONTHS	CALLABLE	UNDERLYING
UBS	BBG00564X3L7	23-Aug-13	\$2.8	UBS	Equity-Linked	12	Yes	cie
HSBC	BBG004XCVND9	23-Aug-13	\$2.8	HSBC	Equity-Linked	60	No	spx
HSBC	BBG004XTMG29	23-Aug-13	\$2.8	HSBC	Equity-Linked	24	No	spx
HSBC	BBG004XTMFH5	23-Aug-13	\$2.7	HSBC	Equity-Linked	24	No	rty
Barclays	BBG0055BS2N8	20-Aug-13	\$2.7	Barclays	Equity-Linked	36	No	spx
RBC	BBG0055XK515	23-Aug-13	\$2.4	RBC	Equity-Linked	24	No	spx
Morgan Stanley	BBG0055V2Y89	22-Aug-13	\$2.3	Morgan Stanley	Equity-Linked	24	No	efa
Morgan Stanley	BBG0055XHC41	23-Aug-13	\$2.2	UBS	RevCon	12	Yes	cree
Credit Suisse	BBG00540PK29	21-Aug-13	\$2.1	Credit Suisse	Equity-Linked	33	No	mxea
Barclays	BBG00554HS59	19-Aug-13	\$2.1	Barclays	Equity-Linked	18	No	gdx
HSBC	BBG004XTR7X0	23-Aug-13	\$2.0	HSBC	Equity-Linked	24	No	spx
Barclays	BBG00557W895	19-Aug-13	\$2.0	Barclays	Equity-Linked	27	No	mxea
Deutsche Bank	BBG0055FK890	23-Aug-13	\$2.0	UBS	Equity-Linked	60	Yes	msft
Morgan Stanley	BBG0055XHCC2	23-Aug-13	\$2.0	UBS	Equity-Linked	36	No	spy
RBC	BBG0054B1Z46	19-Aug-13	\$2.0	RBC	Equity-Linked	18	No	mxea
Credit Suisse	BBG004X7PDW8	23-Aug-13	\$1.9	Credit Suisse	Equity-Linked	72	No	rty
UBS	BBG00564X3M6	23-Aug-13	\$1.9	UBS	Equity-Linked	18	Yes	glw
Deutsche Bank	BBG0055XK007	23-Aug-13	\$1.9	UBS	FX	12	No	aud, cad, nok, sek
Goldman Sachs	BBG0055DYNV2	20-Aug-13	\$1.9	JPMorgan	FX	12	No	mxn, usd
RBC	BBG0055FQJQ1	23-Aug-13	\$1.8	UBS	RevCon	6	No	VRTX
Credit Suisse	BBG004XQTJ86	23-Aug-13	\$1.7	Credit Suisse	Equity-Linked	18	No	rty
RBC	BBG005583DH5	23-Aug-13	\$1.7	RBC	Equity-Linked	36	Yes	hes
Credit Suisse	BBG004Z3QPG5	23-Aug-13	\$1.7	Credit Suisse	Equity-Linked	18	Yes	spx, rty
Credit Suisse	BBG004XDSVD3	23-Aug-13	\$1.7	Credit Suisse	Equity-Linked	60	No	eem
Barclays	BBG0055XKT40	23-Aug-13	\$1.6	UBS	Equity-Linked	60	Yes	c
Morgan Stanley	BBG0055XHBS7	23-Aug-13	\$1.6	UBS	RevCon	12	Yes	amt
Morgan Stanley	BBG0055XHBZ9	23-Aug-13	\$1.5	UBS	RevCon	12	Yes	vrX
Deutsche Bank	BBG00562CYS9	23-Aug-13	\$1.5	JPMorgan	Equity-Linked	12	Yes	shld
Deutsche Bank	BBG0055FK881	23-Aug-13	\$1.4	UBS	Equity-Linked	60	Yes	oxy
HSBC	BBG004XTR7Q8	23-Aug-13	\$1.2	HSBC	Equity-Linked	24	No	eem
HSBC	BBG004XTMF21	23-Aug-13	\$1.1	HSBC	Equity-Linked	24	No	eem
Goldman Sachs	BBG0055XKMH1	23-Aug-13	\$1.1	JPMorgan	Equity-Linked	12	No	spx
UBS	BBG00564X3N5	23-Aug-13	\$1.1	UBS	Equity-Linked	12	Yes	hun
JPMorgan	BBG005580W77	23-Aug-13	\$1.1	JPMorgan	Rates	60	No	libor
JPMorgan	BBG0055V46D2	23-Aug-13	\$1.0	JPMorgan	Equity-Linked	12	Yes	tso
HSBC	BBG004XTR7W1	23-Aug-13	\$1.0	HSBC	Equity-Linked	24	No	rty
Barclays	BBG0055C16N6	20-Aug-13	\$1.0	Barclays	RevCon	12	No	hpq
JPMorgan	BBG00558C699	19-Aug-13	\$1.0	JPMorgan	RevCon	3	No	wti
UBS	BBG0055C3MV0	20-Aug-13	\$1.0	UBS	Equity-Linked	12	Yes	tso
UBS	BBG0055C3N02	20-Aug-13	\$1.0	UBS	Equity-Linked	12	Yes	phm