



Structured Products Association and Prospect News Structured Investments Leading Edge Awards

March 20, 2018

Special Award Section

More than 13,500 new structured products deals were registered with the Securities and Exchange Commission for sale in 2017 – and many more were sold in unregistered form. The Structured Products Association and Prospect News, in conversation with bankers, advisers and other professionals in the industry, have chosen the deals on the following pages for recognition. They represent a range of achievements: new structures, innovations in index design, legal problems resolved and client needs met. Winners were recognized at a ceremony on March 20 as part of the Structured Products Association's Investments Distribution Conference.

Our congratulations to them!



|| PROSPECTNEWS ||



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Structuring Innovation

JPMorgan: **dual directional notes with basket, worst of structure**

In the same product, the structure switches from leveraged capped on the upside, to absolute return above the barrier and finally becomes a worst-of below barrier threshold.

Awarded to:	JPMorgan Chase
Issuer:	JPMorgan Chase Financial Co. LLC
Size:	\$21.90 million
Issue:	Capped dual directional contingent buffered return enhanced notes
Underlying:	Euro Stoxx 50 and the MSCI EAFE index first as the lesser-performing index, then as an equally-weighted basket
Maturity date:	Sept. 24, 2020
Pricing date:	March 21, 2017
Cusip	46646QX42
Structure:	Return linked to the basket point to point with 50% cap and 2.85 times leverage. Absolute return on the downside based on a 60% barrier. If barrier is breached, return is linked to the worst-performing asset.
Agent:	JPMorgan

Next Award: Size



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Size

Bank of America: **accelerated return notes on S&P**

- Second largest deal of year.
- Best-selling bull play.
- In year's ongoing rally, many want to maximize returns with high leverage as they expect more moderate gains but no end to the uptrend over the next 10 to 14 months.

Awarded to:	Bank of America
Issuer:	BofA Finance LLC
Size:	\$174.38 million
Issue:	Accelerated Return Notes
Underlying index:	S&P 500 index
Maturity date:	July 27, 2018
Pricing date:	May 25, 2017
Cusip:	097096457
Structure:	3 times leverage, one-to-one downside, 10% cap
Agent:	BofA Merrill Lynch

Next: Size (cont.)



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Size

UBS: leveraged notes linked to international equity basket

- Third largest deal of year.

Awarded to:	UBS AG
Issuer:	UBS AG, London Branch
Size:	\$135.42 million
Issue:	Leveraged basket-linked notes
Underlying:	Unequally-weighted basket of five indexes: Euro Stoxx 50 (37% weight), FTSE 100 (23% weight), Topix (23% weight), Swiss Market SMI (9% weight) and S&P/ASX 200 (8% weight)
Maturity date:	Nov. 5, 2019
Pricing date:	Oct. 31, 2017
Cusip:	90270KNU9
Structure:	2.14 times leverage
Agent:	UBS

Next Award: Client Solutions



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Client Solutions

Royal Bank of Canada: **absolute return notes with buffer**

- Solves an adviser's reluctance to invest in barrier absolute return notes as a minimal price move at barrier level can produce extreme and opposite outcomes. Rather than lowering the barrier by capping the upside, this structure cuts the upside participation by half, allowing the pricing of a buffer.

Awarded to:	Royal Bank of Canada
Issuer:	Royal Bank of Canada
Size:	\$243,000
Issue:	Absolute Return Notes
Underlying:	S&P 500 index
Maturity date:	June 2, 2021
Pricing date:	Nov. 27, 2017
Cusip:	78013GLK9
Structure:	Upside participation of 50% and absolute return on the downside within 21.5% buffer zone, exposure to losses beyond 21.5% buffer
Agent:	RBC Capital Markets, LLC

Next: Client Solutions (cont.)



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Client Solutions

Credit Agricole: **phoenix notes with 9.9% contingent coupon**

- “Our clients came to us to replace a 10.00% coupon note that had just been called,” said Andy Strauss, managing director at CG Capital Markets.
- “They were overexposed to notes with SPX [S&P 500] and RTY [Russell 2000] and felt the outlook for barrier notes was better internationally.
- “We explored a wide variety of underliers and EEM [iShares MSCI Emerging Markets ETF], SX5E [Euro Stoxx 50 index] and NKY [Nikkei 225 index] priced the best to achieve a replacement coupon of 9.9%.”

Awarded to:	Crédit Agricole
Awarded to:	CG Capital Markets
Issuer:	Crédit Agricole Corporate and Investment Bank
Size:	\$8.55 million
Issue:	Worst of barrier phoenix autocallable notes
Underlying:	iShares MSCI Emerging Markets ETF, Euro Stoxx 50 index and the Nikkei 225 index
Maturity date:	Nov. 7, 2024
Pricing date:	Oct. 31, 2017
Cusip	22533A5L7
Structure:	Worst of autocallable with 9.9% contingent coupon based on 70% coupon barrier.
Agent:	CG Capital Markets

Next: Client Solutions (cont.)



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Client Solutions

BNP Paribas: **buffered return enhanced notes**

- “For many advisors who we speak to, there is a theme of cautious optimism for domestic markets and this note checks the box for capturing enhanced upside and conservative downside to an segment of one’s portfolio that every advisor is always allocated to,” said Matt Rosenberg, sales trader at Halo Investing, Inc.
- “The theme in wealth management has been shifting to passive versus active management, as it’s been very difficult to find a large-cap core manager who can outperform the S&P 500. As a result, managers have been directly investing in the S&P 500 for this exposure and this note is like “passive with protection,” said Jason Barsema, co-founder of Halo Investing, Inc.

Awarded to:	BNP Paribas
Awarded to:	Halo Investing
Issuer:	BNP Paribas
Size:	\$800,000
Issue:	Buffered return enhanced notes
Underlying:	S&P 500 index
Maturity date:	March 22, 2022
Pricing date:	March 17, 2017
Cusip	05579TVN3
Structure:	1.5 times leveraged buffered note with 71% cap and 25% buffer
Agent:	Halo Investing

Next: Client Solutions (cont.)



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Client Solutions

GS Finance: **Annual Autocallable Momentum Builder**

- “Not only for the size that was placed, but it also was our true introduction to autocalls,” said Mike Skogen, structured products trader at Cetera Financial Group.
- “Our notional in this structure grew tremendously throughout 2017. This note will likely be called at the end of March. Given the clients’ satisfaction with the performance and experience, they have already been discussing reinvestment.”

Awarded to:	Goldman Sachs
Awarded to:	Incapital
Issuer:	GS Finance Corp.
Size:	\$20.39 million
Issue:	Annual AutoCallable Momentum Builder 5S
Underlying:	GS Momentum Builder Multi-Asset 5S ER index
Maturity date:	April 11, 2024
Pricing date:	March 27, 2017
Cusip:	40054L3C6
Structure:	Step up autocallable with delta one participation and full principal-protection
Agent:	Incapital

Next Award: Market Trend



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Market Trend

Credit Suisse: **reverse convertibles on Overstock.com, Square, Inc.**

- Highest fixed rate for a reverse convertible in 2017.
- Indirect play on bitcoin rally. Bitcoin futures may lead to structured notes soon. In the meantime, structured note investors have gained exposure through cryptocurrency stocks like these.

Awarded to:	Credit Suisse
Issuer:	Credit Suisse AG, London Branch
Size:	\$1.05 million
Issue:	37.6% reverse convertible securities
Underlying:	Overstock.com, Inc. and Square, Inc.
Maturity date:	May 30, 2018
Pricing date:	Nov. 28, 2017
Cusip:	22549JMS6
Structure:	Worst of autocallable reverse convertible with fixed 37.6% annual rate
Agent:	Credit Suisse Securities (USA) LLC

Next: Market Trend (cont.)



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Market Trend

Barclays: **step down trigger autocallables**

- Automatic call is at par during term but above trigger level at maturity, giving investors a last and better chance to win.

Awarded to:	Barclays
Issuer:	Barclays Bank plc
Size:	\$35.05 million
Issue:	Step down trigger autocallables
Underlying:	Russell 2000 and S&P 500 indexes
Maturity date:	May 11, 2022
Pricing date:	May 8, 2017
Cusip:	06746J138
Structure:	Worst of autocallable at initial price during term and 60% downside trigger at maturity
Agent:	UBS Financial Services Inc.

Next Award: Underlier or Index Innovation



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Underlier or Index Innovation

Bank of Montreal: **notes linked to basket of closed-end funds**

- “These transactions represented the first U.S. registered structured notes that were linked to a static basket of closed end funds” said Lloyd Harmetz, partner a law firm Morrison & Foerster.
- “Baskets of stocks, and baskets of ETFs, are common underlyings in U.S. registered offerings. However, using a basket of closed end funds as an underlying asset for a specific strategy raises new disclosure and related issues for the working group.
- “The offering was successfully followed with two additional [pairs of] offerings that were linked to closed end funds later in the year.”

Awarded to:	Bank of Montreal
Issuer:	Bank of Montreal
Size:	\$6.44 million and \$2.33 million
Issue:	Notes linked to a basket of closed-end funds
Underlying:	Basket of 25 closed-end funds selected by Raymond James & Associates, Inc.
Maturity date:	July 16, 2018
Pricing date:	June 23, 2017
Cusip	06367TXH8 and 06367TXG0
Structure:	Participation note
Agent:	BMO Capital Markets Corp., distribution by Raymond James

Next: Underlier or Index Innovation (cont.)



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Underlier or Index Innovation

HSBC: **Vantage5**

- “With the introduction of the HSBC Vantage5 (USD) Excess Return Index, this CD represents HSBC’s entry into the competitive marketplace for target volatility indices,” said Edward Condon, national director client solutions at Merion Capital Group.
- “The Vantage5 Index incorporates key innovations and improvements compared to similar competitive offerings such as monthly target volatility re-balancing, higher overall equity exposure caps, streamlined universe of ETF underlyings and first-time use of volatility controlled ETFs in the underlying.
- “Because of these innovations, historical performance of the Vantage5 index is significantly improved as compared to other similar indices.”

Awarded to:	HSBC
Awarded to:	Merion Capital Group
Issuer:	HSBC Bank USA, NA
Size:	\$992,000
Issue:	7-year Certificates of Deposit
Underlying:	HSBC Vantage5 Index (USD) Excess Return
Maturity date:	April 29, 2024
Pricing date:	April 21, 2017
Cusip:	40434YHN0
Structure:	2.21 exposure to the increase of the index
Agent:	Merion Capital Group

Next: Underlier or Index Innovation (cont.)



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Underlier or Index Innovation

Societe Generale: **momentum strategy**

- “SocGen partnered with the Asset Manager, Mizuho Alternative Investments, to deliver an index that is a pure momentum, managed futures index across all asset classes,” said Amanda Rousseau, director cross asset solutions at Societe Generale.
- “Long, short or no exposure to each sub-index with daily rebalancing based on the performance of each sub-index, relative to both its own past performance and its performance against the other sub-indices.”
- “It’s the first of its kind that the street has seen within the managed futures space with partnering with an asset manager, delivering an index and wrapping that index into a tax efficient delta one note that is a fungible note (daily redeemable and daily creatable) for a fiduciary client.”

Awarded to:	Societe Generale
Awarded to:	PNC Wealth Management
Issuer:	Societe Generale
Size:	\$2.12 million
Issue:	Daily redeemable non-principal protected notes
Underlying:	SGI-Cross Asset Dual Momentum Managed Futures Index
Maturity date:	Dec. 30, 2025
Pricing date:	Dec. 28, 2017
Cusip:	83369EUC2
Structure:	Delta one, daily redeemable note linked to a quantitative strategy with 10% volatility target
Agent:	PNC Wealth Management

Next Award: Structured Technology Innovation



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Structured Technology Innovation

Olden Lane: **Target Outcome Funds with structured payout**

- “Target Outcome Funds offer a practical risk management tool in a friendly investment company wrapper,” said Samuel Rosenberg, Managing Director, Olden Lane Securities LLC.
- “We feel strongly that Target Outcome Funds offer more convincing risk mitigation than structured notes by enhancing credit quality and liquidity and by offering more transparent disclosure of fees and a more regulated valuation regime.”

Awarded to:	Olden Lane
Trust:	Olden Lane Trust Series 6
Sponsor:	Olden Lane Securities LLC
Size:	\$142,290 as of April 25, 2017
Issue:	Target Outcome Funds
Underlying:	SPDR S&P 500 ETF
Termination date:	May 5, 2020
Initial Offering Period:	April 25-May 12, 2017
Cusip	68044R105
Structure:	1.5 times leverage, cap of 24.3% with 15% buffer protection
Agent:	Olden Lane Securities LLC

Next: Structured Technology Innovation (cont.)



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Structured Technology Innovation

CBOE Vest Financial LLC: **mutual fund with structured payout**

- One of several strategies offered in a similar format
- “In addition to being highly innovative – these are the first such products launched in this space –, we have sold more than \$130 million in these strategies since their launch earlier last year,” said Karan Sood, chief executive officer, director, head of product development.
- “To the best of our knowledge this is the highest raise in any 1940 Act products linked to structured note payoffs that are available in the market today, including any structured UITs launched to date.”

Awarded to:	CBOE Vest Financial LLC
Trust:	World Funds Trust
Size:	\$38.985 million
Issue:	CBOE Vest S&P 500 Enhanced Growth Strategy Fund
Underlying:	S&P 500 index
Issue date	Dec. 21, 2016 (but continuously rolled)
Maturity date:	Continuously rolling one month maturity
Cusip	98148K300
Ticker	ENGIX
Structure:	Mutual fund offering structured note-like payout of two times upside leverage capped at 16%, downside exposure
Agent:	First Dominion Capital Corp.