

Structured Products Daily

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Structured Products

	Current Year	Previous Year
ALL U.S. STRUCTURED PRODUCTS		
Year to Date:		
	\$28.050 billion in 3295 deals	\$15.025 billion in 1617 deals
Quarter to Date:		
	\$9.329 billion in 1450 deals	\$6.198 billion in 790 deals
Month to Date:		
	\$1.053 billion in 187 deals	\$1.665 billion in 190 deals
Week to Date:		
	\$0.012 billion in 2 deals	
BREAKDOWN OF YEAR TO DATE DEALS		
ALL U.S. STOCK AND EQUITY INDEX DEALS		
	\$12.530 billion in 2399 deals	\$6.974 billion in 1208 deals
SINGLE STOCK U.S. STRUCTURED PRODUCTS		
	\$4.763 billion in 1791 deals	\$1.712 billion in 683 deals
STOCK INDEX U.S. STRUCTURED PRODUCTS		
	\$7.585 billion in 585 deals	\$5.210 billion in 516 deals
BASKET OF STOCKS U.S. STRUCTURED PRODUCTS		
	\$0.182 billion in 23 deals	\$0.051 billion in 9 deals
FX U.S. STRUCTURED PRODUCTS		
	\$1.070 billion in 105 deals	\$0.322 billion in 32 deals
COMMODITY U.S. STRUCTURED PRODUCTS		
	\$2.682 billion in 220 deals	\$5.322 billion in 151 deals
INTEREST RATE STRUCTURED PRODUCTS		
	\$1.897 billion in 186 deals	\$1.056 billion in 80 deals

Prospect News

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Barclays prices largest S&P 500 Dynamic Veqtor deal to date with \$23 million issue of notes

By Emma Trincal

New York, June 22 – **Barclays Bank** plc priced \$23 million of notes linked to the S&P 500 Dynamic Veqtor Total Return index – the largest offering based on the relatively new index since the pioneering benchmark was used as the underlying of a publicly registered note for the first time in March of last year.

The 0% notes are due June 18, 2015, according to a 424B2 filing with the Securities and Exchange Commission.

The payout at maturity will be par plus the index return minus an investor fee of 1.15% per year. Investors will be exposed to any losses.

The notes are putable at any time.

Capital, told *Prospect News*. “The S&P 500 Dynamic Veqtor strategy dynamically allocates between the S&P 500 and S&P 500 VIX Short Term Futures index, providing investors with an efficient way to get an S&P 500-based equity investment potentially enhanced by investable volatility.”

The index is sponsored by Standard & Poor’s and allocates a greater proportion of its notional value to investments in the U.S. equity markets during periods of low market volatility and can allocate a greater proportion of its notional value to investments in a reference asset that tracks implied volatility during periods of high market volatility, according to the prospectus.

The index also incorporates a “stop loss” feature that shifts the entire value of the index to a non-interest-bearing cash investment under certain exceptional circumstances, according to the filing.

Barclays priced its first deal using the S&P 500 Dynamic Veqtor Total Return

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Advisors Asset Management’s priority for growth is to train, educate reps, Randy Pegg says

By Emma Trincal

New York, June 22 – Educating brokers and financial advisers about structured products is key for the growth of the industry, Randy Pegg, executive vice president and head of structured products at Advisors Asset Management, told *Prospect News* while giving some insights on his own firm’s education program and strategy.

“I am very passionate about education. I want to make sure that reps are educated properly in structured products,” he said.

“When we entered [the market] in 2005, people had a web site, pointed and clicked the product, and the firm would clear the sale. We want to go further from that and make sure people understand the products.”

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Barclays plans 18-month buffered Super Track notes on iShares MSCI EM

By Susanna Moon

Chicago, June 22 – **Barclays Bank plc** plans to price 0% buffered Super Track notes due Jan. 12, 2012 based on the performance of the **iShares MSCI Emerging Markets index fund**, according

to an FWP filing with the Securities and Exchange Commission.

The payout at maturity will be par plus double any fund gain, up to a maximum return of 22% to 30%. The exact cap will be set at pricing.

Investors will receive par if the shares fall by up to 15% and will lose 1% for each 1% decline beyond 15%.

The notes will price on July 9 and settle on July 14.

Barclays Capital Inc. is the agent.

Barclays to price knock-in Super Track notes linked to S&P 500 index

By Angela McDaniels

Tacoma, Wash., June 22 – **Barclays Bank plc** plans to price 0% knock-in Super Track notes due July 12, 2013 linked to the **S&P 500 index**, according to an FWP filing with the Securities and Exchange

Commission.

If the index return is positive, the payout at maturity will be par plus 120% to 145% of the index return. The exact participation rate will be set at pricing.

If the index return is zero to negative

30%, the payout will be par. If the index return is less than negative 30%, the payout will be par plus the index return.

The notes are expected to price July 9 and settle July 14.

Barclays Capital Inc. is the agent.

Barclays prices largest S&P 500 Dynamic Veqtor deal to date with \$23 million issue of notes

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index in March 2009. It was a \$5.85 million issue of 0% performance-tracking securities due March 28, 2013. The payout at maturity will be par plus the index return minus an investor fee of 1.25% per year. UBS Financial Services Inc. and Barclays Capital Inc. were the agents.

Since then, Barclays has priced seven deals linked to the index, according to data compiled by *Prospect News*, totaling \$18.22 million. But none of those deals exceeded \$3 million in size.

Volatility trend

“We think the size of this issue shows the continuation of investor interest in volatility-linked products, like the Barclays VXX and VXZ iPaths first issued in January 2009,” said Koo. “We also think this demonstrates an increase in awareness by the investment community on the S&P 500 Dynamic Vector index. It is a relatively new investable index with unique attributes.”

VXX and VXZ are the ticker symbols for two iPath exchange-traded notes issued by Barclays: the iPath S&P 500 VIX Short-

Term Futures ETN and the iPath S&P 500 VIX Mid-Term Futures ETN, respectively.

“Investor interest in this relatively new investable index follows prevalent themes in the industry on transparency, simplicity and liquidity,” said Koo.

“We think investors could view this note as an attractive alternative to the S&P 500.”

Volatility hedge

The index is premised on a couple of historical observations, according to the prospectus, which separately warned investors that “there can be no assurance that the rules used by the index will accurately predict market volatility over time.”

Two of the main observations stated in the prospectus are the fact that volatility in the equity markets tends to show a negative correlation to the U.S. equity market and that rapid declines in stock prices usually come with particularly high volatility in the markets.

Based on those rules, the index is designed to provide a “volatility hedge,”

according to the prospectus.

New dimension

“I like it. A dynamic rules-based index that adjusts your equity exposure based upon volatility I think is a great idea. It would have proven to be performing very well at the end of 2008 and beginning of 2009,” said Matt Medeiros, president and chief executive officer of the Institute for Wealth Management.

Medeiros said that the product could be very attractive to retail investors as they have become more familiar with volatility, although they are not fully knowledgeable yet in this new asset class.

“Retail investors are very, very attentive to volatility at this point,” Medeiros said. “Intuitively, they know that the equity benchmark will increase in value over time. However, they’re apprehensive because of the headline volatility. So I think that a product based on a mechanism that integrates a volatility metrics as opposed to just an underlying asset metrics can be very attractive.”

Barclays Capital Inc. is the agent.