Bloomberg BRIEF

Structured Notes

09.10.10

VOLUMES

U.S. STRUCTURED NOTES VOLUMES*	
Sold Last Week	$546.8 million
Quarter-to-Date	$9.56 billion
Second Quarter	$11.61 billion
First Quarter	$10.65 billion
Year-to-Date	$29.1 billion
GLOBAL INTEREST-LINKED NOTES VOLUMES**	
Sold Last Week	$2.14 billion
Quarter-to-Date	$14.22 billion
Second Quarter	$22.26 billion
First Quarter	$31.01 billion
Year-to-Date	$67.49 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.*

SOLD THIS WEEK

■ **Eksportfinans ASA** sold $22.3 million of three-month month notes that pay investors if the **Standard & Poor's 500 Index** declines, according to a Sept. 9 SEC filing. The notes will pay investors five times any decline in the index. Investors will take a loss directly proportional to any gain in the index between the issue date and maturity. The notes were placed by **Merrill Lynch & Co.** for a 0.5 percent fee.
CUSIP 282649177

■ **Bank of America Corp.** issued $20.2 million of ten-year, **fixed-to-floating rate** notes, according to a Sept. 3 SEC filing. The securities will pay an initial fixed interest rate of 6 percent per year. Beginning in the third year the notes will pay a floating rate of three-month, U.S. dollar Libor plus 1.75 percent, subject to a cap of 7.25 percent. Interest will be paid quarterly beginning in December, 2010. **Merrill & Lynch Co.** distributed the notes for a 0.7 percent fee.
ID BBG0014XQPT5

■ **Bank of America Corp.** issued $21.3

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Nomura Paves Way to Enter U.S. Retail Market

BY DEIRDRE FRETZ

Nomura Holdings, Inc. is signaling plans to begin competing in the U.S. retail market for structured notes.

The Tokyo-based firm filed a prospectus with the Securities and Exchange Commission on Sept. 8 that would allow it to issue registered structured notes this year. There are currently no Japanese firms among the 16 banks that have issued SEC-registered notes this year.

The decision reflects the growing interest in the market, where a total of $31 billion of SEC-registered structured notes have been sold so far in 2010. (See table at right).

Nomura spokesman Peter Truell in New York declined to comment.

The registration is the first step in offering notes under a medium-term notes program which may include fixed-rate notes, floating-rate notes or structured notes linked to the performance of securities, commodities, foreign exchange rates, or an index or basket of such assets. A specific offering would require additional information to be filed.

Nomura is ranked 27th among banks that issue structured notes in European markets, according to Bloomberg. The bank underwrote at least seven issues totaling $585 million in Europe so far this year.

In the U.S., Nomura has underwritten 11 agency deals totaling $427.5 million, according to Bloomberg data. These deals are not registered with the SEC.

2010 U.S. RETAIL NOTE ISSUERS	AMOUNT
Morgan Stanley	$7,077,620,725
Bank of America	$6,501,693,542
Barclays	$4,641,729,777
Goldman Sachs	$2,581,388,000
JPMorgan	$2,321,516,843
Deutsche Bank	$1,313,947,865
Citigroup	$1,272,661,070
HSBC	$1,123,344,632
RBC	$1,122,978,150
Credit Suisse	$1,074,326,181
UBS	$1,073,904,928
SEK	$903,568,500
Eksportfinans	$793,395,379
Wells Fargo	$122,991,000
RBS	$114,857,000
BMO	$59,350,000

source: Bloomberg

U.S. Note Volume Grows 10 Percent in August

BY DEIRDRE FRETZ AND ZEKE FAUX

Banks have sold $4.98 billion of structured notes to individual investors in the U.S. in August, a 10 percent increase from July, and the largest monthly volume so far this year, according to filings with the Securities and Exchange Commission that were compiled by Bloomberg.

Sales may total more than $47 billion for the year should the current pace continue, exceeding 2008 volumes when banks issued a record $38 billion of the notes, according to StructuredRetailProducts.com.

Morgan Stanley led U.S. issuers, selling $1.8 billion of notes in August, including $1 billion of 15-year callable step-up notes, the largest SEC-registered deal in 2010 to date.

Bank of America was the second-largest issuer, selling $1.07 billion in notes. Goldman Sachs followed with $600 million.

The jump in total note sales was driven by an increase in new notes linked to interest rates. These notes made up 56 percent of the total dollar volume sales in the month of August. This is an increase from an average of 21 percent during the first six months of the year. For a full break down of notes by asset class, see chart on page 6.

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million of five-year, **fixed-to-floating rate** notes, according to a Sept. 8 SEC filing. For the first two years, the notes will pay 3.25 percent per year. After that they will pay a coupon of 3-month Libor plus 1.25 percent, subject to a cap of 6.25 percent per year. Interest will be paid quarterly starting in December 2010. The fee for distributing the notes was 0.5 percent.
ID BBG0015GN0S0

■ **Citigroup Funding Inc.** issued $20.8 million of 10-year, floating-rate notes that will pay **a multiple of three-month U.S. dollar Libor**, according to a Sept. 8 SEC filing. The notes pay a minimum of 3 percent and a maximum of 8.5 percent, and within that range will be set at 1.75 times Libor. Citigroup Global Markets placed the notes.
ID BBG0015KHSL4

■ **Morgan Stanley** sold $18 million in seven-year **callable, fixed-rate step up notes**, according to a September 9 SEC filing. The notes will pay an initial rate of 2.75 percent. The bank has the right to redeem the notes on any quarterly call date after the first year. The notes, if not called, will pay 4 percent after the second year, and

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Stoxx Creates Volatility Index, Notes to Follow

BY SARFRAZ THIND

Stoxx Ltd., a Swiss provider of equity indexes, expects banks will offer by year-end structured products based on its new benchmark that aims to offset stock price swings.

The **EuroStoxx 50 Risk Control 20% Index** tracks the performance of the EuroStoxx 50 equity index and euro money market rates, the bank said in a statement on Sept. 8. It's designed to maintain a volatility of 20 percent by allocating more assets to stocks when price swings moderate, and more to money rates as fluctuations increase.

"The idea is to have a risk-controlled portfolio by moving between risky and non-risky assets," said **Guido Giese**, director of product development at Stoxx. "It's much easier for structured-product issuers to price products off this index because they know exactly where the volatility is on the underlying."

Stoxx is in talks with three banks on creating notes linked to the index, Giese said, without providing details.

The VStoxx Index, which measures volatility on the EuroStoxx 50 index, fell 3 percent to 24.1, down from the year's average of 27.9. It reached a high of 54.6 on May 21.

The EuroStoxx 50 Risk Control index uses implied volatility, a measure of investor expectations for stock swings derived from equity options, to construct the underlying portfolio, Giese said. Other such indexes are based on historical volatility, he added.

Raiffeisen Sells 200 Million Euros of Swap Rate Notes

BY SARFRAZ THIND

Raiffeisen Zentralbank Oesterreich AG, Austria's third-biggest lender, issued 200 million euros ($255 million) of 10-year notes linked to the euro swap rate.

The notes pay a coupon of 38 basis points more than 10-year swaps, according to data compiled by Bloomberg. The securities were sold by Vienna-based **RZB** and **Banco Santander SA**.

The euro 10-year swap rate, the cost to exchange fixed interest payments for floating rates, was 2.56 percent at 10 a.m. in London. The level dropped to 2.27 percent on Aug. 30, the lowest since the euro's start in 1999.

RZB, rated A by **Standard & Poor's**, is paying a premium on its notes compared with swap-linked securities issued in recent weeks by higher-rated banks. Paris-based **Credit Agricole SA**, ranked two levels above RZB at AA-, sold 10-year notes Aug. 17 that offered no spread over swaps. **Australia & New Zealand Banking Group Ltd.**, graded AA, last month issued similar notes with no premium.

"This isn't the usual size you see in the market right now, most deals are done in 50 million to 100 million euros maximum," said **Gonzalo Alvarez**, a Madrid-based euro medium-term note trader at Banco Santander. RZB's notes are one of the few 10-year deals in Europe paying a spread over swaps, he said.

RZB's securities were sold at 100 percent of face value and in 50,000-euro increments.

On The Move

■ **Societe Generale SA** hired **Timothy Gee** of **UBS AG** as a managing director and head of equities execution services for the Americas, according to a memo sent to the bank's employees.

Gee, 44, will be based in New York. He will coordinate the lender's equities execution in the Americas, a newly created role that includes overseeing sales trading and program trading.

Gee was most recently head of distribution for cash trading products at UBS, and previously spent 12 years at **Morgan Stanley** in cash equities and derivatives, the memo said.

Jim Galvin, a spokesman for Societe Generale, confirmed the memo's contents.

■ **Deutsche Bank AG** hired **Mitch Braselton** from **Garrison Investment Group** and **Matthew O'Connor** from **RBS Sempra Commodities** as managing directors in its group that sells fixed-income securities and derivatives to institutional investors.

Braselton will focus on structured-product sales in New York.

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will step up again to 5 percent in the fifth year and 6 percent in the final year. Morgan Stanley Smith Barney distributed the notes for a 1 percent fee. The bank noted that it may expand the offering.
CUSIP 61745E6Q9

■ **Goldman Sachs Group Inc.** issued $16.6 million of 13-month reverse convertible notes linked to the **S&P 500 Index**, according to an SEC filing on Sept. 7. The notes will pay a 6.5 percent coupon. Investors will lose money if the index falls below 75 percent of the initial level of 1,084.24. Goldman, Sachs & Co. distributed the notes for a 0.1 percent fee.
CUSIP 38145X533

■ **Deutsche Bank AG** issued $13.1 million in two-year autocallable notes linked to the **S&P 500 Index**, according to a Sept. 8 SEC filing. The notes will pay an annualized 11 percent interest. Investors will not participate in any gain in the index or any dividend payments from the index components. The notes have semi-annual call dates. The notes will be called in March if the S&P 500 is at or above 90 percent of the 1,104.51 the initial index level set on the day the note was priced. On subsequent call dates the index must be equal to the initial index level to be called. Investors will lose money if the notes aren't called by maturity and the index has fallen by more than 10 percent from its initial level. **J.P. Morgan Securities Inc.** distributed the securities for a 1.6 percent fee.
ID BBG0015M91L8

■ **Morgan Stanley** issued $12.3 million of six-month notes linked to the value of the **S&P GSCI Crude Oil Index**, according to a filing with the SEC on Sept. 8. The notes will pay an 8 percent coupon if the index posts gains from the initial value of 468.4520. Investors will lose money if the index falls by more than 10 percent. **J.P. Morgan Securities Inc.** distributed the securities for a 0.5 percent fee.
CUSIP 617482NG5

■ **JPMorgan Chase & Co.** issued $10 million in five-year, floating-rate notes based on **three-month U.S. dollar Libor**, accord-

continued on next page

Food Price Rise Means Notes a Buy, Nomura Says

BY SARFRAZ THIND

Investors should buy structured notes to tap into a steep increase in food prices over the next five to 10 years, according to **Nomura Holdings Inc.**

Nomura recommends long-term, fixed-rate notes that pay a return at maturity based on the average prices for corn, soybeans and wheat, analysts including **Owen Job** in London wrote in a note to clients. By fixing the rate at the start of the transaction, investors are protected from short-term volatility that would hurt an outright commodities purchase, Job wrote.

"The value of adding long exposure to agricultural commodities through a structured note is that you avoid short-term volatility," said Job, a strategist on Nomura's macro strategy group. "I would be hesitant to invest in six- to 12-month products on soft commodities, since there is always a risk that the market will retrace in the short-term."

Futures prices for commodities including wheat surged this year as fires in Russia, flooding in Canada and Pakistan and dry weather across Europe ruined crops. Corn traded near a 23-month high on concern a U.S. Midwest heatwave will damage output, while coffee reached the highest in 13 years on speculation rain in Brazil and Colombia will crimp supplies.

The **Dow Jones UBS Agricultural Commodities Total Return Index** has risen 6.62 percent year-to-date and is up 22.82 percent over the last 12 months. The overall DJUBS commodities total return index, which includes futures prices for 19 physical commodities including metals and fuels, is down 4.9 percent year-to-date and up 7.5 percent for the last 12 months.

Nomura's Job expects a food prices to rise in coming years, driven by increased demand from the world's most populated economies, climate change and water scarcity.

Structured notes tied purely to agricultural commodities are uncommon, with investor demand relatively low, according to **Marco Chung**, a structured product salesman at **Commerzbank AG** in Hong Kong.

Commerzbank, Germany's second-largest lender, issued a $1 million five-year note in June linked to **Standard & Poor's** commodity indexes of wheat, sugar, cocoa, zinc and natural gas.

The note pays the average performance of the indexes at maturity, returning money to investors if prices don't rise.

Lloyds Banking Group Plc, the U.K.'s largest mortgage lender, sold 5 million euros ($6.4 million) of notes linked to 10 commodity indexes, four of which were agricultural.

China, Brazil Stock Surge May Return 42% on Notes

BY SARFRAZ THIND

Merchant Capital Ltd., a London-based distributor of structured products, is marketing securities to U.K. investors that pay as much as 42 percent over the three-year life of the notes on gains in Chinese and Brazilian stocks.

The so-called autocallable notes are tied to the **Hang Seng China Enterprises Index** and the iShares **MSCI Brazil Index** fund, according to **Thom Gascoigne**, head of structured products at **Merchant Capital**. The notes are automatically redeemed at half-yearly call dates if the indexes climb at least 5 percent above their initial value. Otherwise, the notes accrue 7 percent every six months until the redemption level is reached, for a total 42 percent if the target is met in the final call period.

Investors get back their money as long as both indexes don't fall more than 50 percent after three years. Below that point, holders incur losses equal to the percentage decline of the index that performs worse.

"Brazil and China are core holdings for any emerging markets portfolio and we remain positive on both in the medium term," said **Philip Poole**, London-based global head of macro and investment strategy at **HSBC Global Asset Management**, which oversees more than $400 billion. "But if you want equities exposure you should buy equities," said Poole.

The Hang Seng China Enterprises Index of Chinese companies listed in Hong Kong has dropped 7.9 percent this year, while the iShares MSCI Brazil Index has fallen 6.8 percent.

Merchant Capital's notes charge a maximum 6 percent fee, which includes management and broker costs.

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ing to an SEC filing dated Sept. 9. The notes will pay an initial interest rate of 2.5 percent per year for the first year. For the remainder of the term the notes will have a floating rate with a minimum of 1 percent and a maximum of 6 percent. The rate will be reset quarterly, on coupon payment dates. J.P. Morgan Securities LLC placed the notes for a 0.598 fee.
CUSIP 48124AB63

■ **JPMorgan Chase & Co.** issued $8.5 million in one-year notes linked to a basket of five Asian stock indexes, according to a Sept. 8 SEC filing. The **Hang Seng China Enterprises Index** has a 33 percent weighting in the basket, the **Hang Seng Index** has a 14 percent weighting, the **Korea Stock Price Index 200** has a 24 percent weighting, the **MSCI Singapore Index** has an 8 percent weighting and the **MSCI Taiwan Index** has a 21 percent weighting. Returns on the notes are linked to both the absolute value of the indexes and any changes in the value of the underlying currencies relative to the U.S. dollar. Investors receive a return equal to twice any gain in the basket, subject to a cap of 15 percent. Investors will lose money if the basket falls more than 10 percent, at a rate of 1.11 times any additional loss in the index value. J.P. Morgan Securities LLC distributed the notes for a 1 percent fee.
CUSIP 48124AC62

■ **Royal Bank of Canada** issued $5 million in autocallable notes linked to the common stock of **Zions Bancorporation**, according to a Sept. 9 SEC filing. The one-year notes will be redeemed on the first quarterly call date that the shares are equal to or greater than $19.52, the closing price on September 7, when the notes were priced. The note will pay a quarterly coupon as long as the notes are outstanding, equal to an annualized yield of 16 percent. Investors will lose principal equal to the decline in share price if the notes are not called by maturity. RBC Capital Markets distributed the notes for a 1 percent fee.
CUSIP 78008KKS1

■ **Barclays Plc** sold $5 million in 10-year notes that switch from a **fixed to a floating interest rate**, according to a Sept. 9 filing with the SEC. The notes will pay an initial interest rate of 4.25 percent for the first two years. After that the notes will pay a rate of three-month U.S. dollar Libor plus 1.25 percent, subject to a maximum rate of 7.25

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ROUNDTABLE

The Regulatory Outlook, Part II

Robert Dilworth, a senior vice president and associate general counsel at Bank of America Merrill Lynch; Anna Pinedo, a partner at Morrison Foerster; and Joel Telpner, a partner at Jones Day, sat down together at Bloomberg's headquarters in New York on August 24 to talk about how the recently enacted Dodd-Frank Act will impact structured notes.

This is the second part of their discussion. It focuses on the Act's expansion of fiduciary responsibility to brokers.

On the new fiduciary obligations

TELPNER: The SEC has the ability under Dodd-Frank to determine whether or not going forward it wants to change the standard of care applicable to broker/dealers providing investment advice, similar to what the investment advisers are currently subject to it. The SEC must also adopt business conduct standard rules for security-based swap dealers and security based major swap participants.

So the way structured notes are sold, at least when we're talking about retail structured products, may change because of the other things under Dodd-Frank that could change. To me, it's more of an indirect as opposed to a direct impact.

I think imposing more of a fiduciary type of duty on broker/dealers may be likely.

DILWORTH: Whatever that means. A fiduciary standard, if one is implemented for broker/dealers, would most likely be for retail investors only and, in any event, is currently subject to a six-month study before any proposed rulemaking takes place.

PINEDO: For structured products, it's harder to envision how that would occur because one of the aspects of a fiduciary obligation would be to endeavor to find the best price or to endeavor to find the best product for the customer, which is challenging in a market like the structured products market in which it's difficult to compare one type of note to another or one type of product to other products.

DILWORTH: There's a broad range of brokerage activities and services that you can expect from the broker -- whether you want simply pure execution because you've decided yourself what you want to do, or whether you want some advice, or you want your broker to have some investment discretion, right?

'Fiduciary' is a big word and has different meanings and consequences depending on the context. I think regulators potentially will have to drill down and say what it means to have a heightened standard, given that there's not just one service that a broker provides. It's not that simple. There's a variety of service levels brokers provide to their customers. Any new standard probably needs to be uniform in order to achieve the stated goal of reducing customer confusion, yet still work for existing service models. And any new standard should continue to include the possibility for the broker to provide its own or affiliated products as principal.

On the industry's reaction to expanded fiduciary responsibility

PINEDO: I know SIFMA (the Securities Industry and Financial Markets Association) is working very actively on the fiduciary issue, and is having dialogue with the SEC. I know that a number of other industry organizations have already gotten together to respond to the SEC's request for comments about the study. I think it's going to be a long process. [Editor note: On August 30, 2010, SIFMA submitted a letter to the SEC proposing key principles to guide the development of a uniform fiduciary standard for broker/dealers and investment advisers when providing investment advice to retail clients.]

On the timeline for rule-making

TELPNER: Dodd-Frank requires final rules, in many cases, within 360 days. But what we mean by final rules is not necessarily clear. In order to do everything that has to be done, these so-called final rules may be somewhat generalized rules, which may then get superseded by more detailed rules. So, this may be an interim process that I think is going to actually take many years, even though we've got these statutorily imposed deadlines.

The questions that Robert is addressing may be something that we'll still be talking about three or four years down the road.

DILWORTH: The regulators would likely have to come to conclusions based on the

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percent per year. Interest will be paid quarterly. Barclays Capital distributed the notes for a 1.5 percent fee.
CUSIP 06740PWJ1

■ **Morgan Stanley** issued $3 million in reverse convertible notes linked to **Las Vegas Sands Corp** stock, according to a Sept. 3 SEC filing. The two-year notes pay 13 percent per year. Investors will lose money if the shares fall to $19.1035 or less, a minimum 35 percent decline from the share price on Sept. 1. **Morgan Stanley Smith Barney** distributed the notes for a 1.6875 percent fee.
CUSIP 61759G331

■ **Goldman Sachs Group, Inc.** sold $2.1 million in six-month notes lined to the performance of the **Canadian dollar** against the U.S. dollar. The notes will pay interest on the notes on days in which the Canadian dollar trades does not move below 0.99 or above 1.10 per U.S. dollar. The maximum return on the notes is capped at 6 percent. If the Canadian dollar does not trade within the range, investors could lose up to 20 percent of their invested principal. **JP Morgan Chase & Co.** distributed the notes for a 0.4 percent fee.
CUSIP 38143UMM0

■ **Wells Fargo** sold $1.5 million in notes linked to the **S&P 500 Index**, according to a Sept. 9 filing with the SEC. The four-year notes will match any gains in the index up to a maximum return of 62 percent. The notes pay a minimum return of 8 percent as long as the index does not fall by more than 40 percent between the issue and maturity dates. A decline of 40 percent or more would result in an equal loss for investors. Wells Fargo Securities distributed the notes for a 2.5 percent fee.
CUSIP 94986RAS0

ROUND TABLE

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fixed amount of time that they have to do the job. And we have to have a set of rules with a sufficient level of comprehensiveness and detail by next July. And they may be able to do that, but then come back later as they get more experience - and with that experience get finer.

TELPNER: Right. I can see them doing certain rule-making by providing general guidelines to create, for example, safe harbor-types of provisions, that initially the market could follow, and that would then be superseded eventually by more detailed rulemaking that would provide clearer guidance. Keep in mind that the CFTC and SEC are both still hiring the people that are supposed to be writing the rules.

And so, they've got to get these people on the ground, get them trained, get them up to speed and get the final -- supposedly final -- rules in place for a lot of these provisions by next summer. It's a huge task.

On eligible contract participant rules

TELPNER: Let me ask you two, if I may, a question. Some firms have read the provision dealing with equity swaps as requiring, if they are not cleared, that in order for them to be sold, they either would have to be sold through registered offerings or privately placed to eligible contract participants.

If that is the correct reading of Dodd-Frank, do you see a possibility of regulators saying, well, if you're selling a structured note that is, in effect, hedged via equity derivatives, to sell the note, you can only sell it to eligible contract participants or on the registered basis.

PINEDO: Yes, I don't understand that whole reference to registration--

DILWORTH: I don't either, but I would urge that there's a business, analytical and legal distinction between the issued note and the issuer's hedge. The industry has already disagreed with the similar suggestion that structured notes should be sold exclusively to accounts that are approved for options trading.

PINEDO: I don't know what they were getting at. Registered with whom, registered how? There's no mechanism for registering equity swaps.

So I think that's just one of the drafting issues to be reconciled.

TELPNER I agree. So the only question is whether either, through pressures or rule making, we will see an evolution in the structured note market to start to move it away from accredited investors to eligible contract participants, if the note is not registered.

On new regulations of structured notes

PINEDO: It's possible, certainly. You know, I wouldn't rule it out. But, I think, as Joel said, these agencies have so much on their plates right now that they're required by Dodd-Frank to address within a very tight timeline. I'm not sure that they would voluntarily take on a new job. If I faced the to-do list that they face, I wouldn't add on any more things.

On new disclosure requirements

TELPNER: To the extent that the SEC is under pressure to revisit disclosure standards and requirements for all types of registered securities, we may see changes to disclosure requirements and obligations coming out of the SEC that apply to structured notes, but I don't think structured notes will be singled out.

PINEDO: There is a section, part of Title IX, the investor protection section, which gives the SEC authority to issue new rules regarding point of sale disclosure requirements before retail investors purchase investment products. And there is a movement in Europe for having key information requirements for point of sale disclosures and documents provided to investors. But that is likely to affect all registered securities.

DILWORTH So apart from new point-of-sale disclosure requirements, any actions to change disclosure requirements would be pursued with existing authority, right?

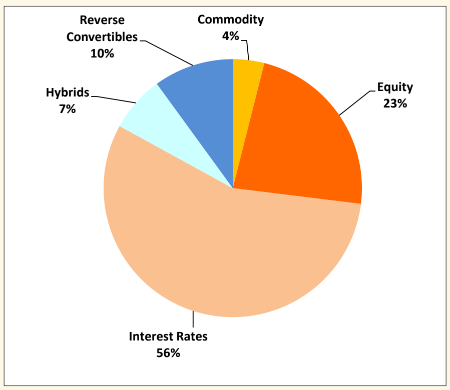
PINEDO: Yes. Right. Not pursuant to new authority.

DILWORTH: Right. And not compelled by legislation, but probably more just a sign of the times and trends to improve disclosure-standards generally.

ASSET CLASS BREAKDOWN

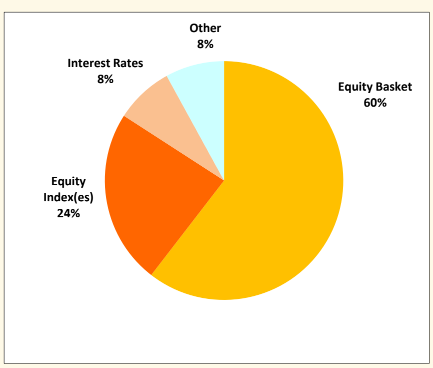
SEC-Registered Notes*

Hybrid securities made up 6 percent of the total dollar volume of structured notes issued in the month of August, as banks sold securities which combined equity performance with interest-rate based offerings in order to enhance yields. A total of $234 million of such notes were sold.



U.S. Certificates of Deposits***

Banks sold 38 market-linked CDs in the week of Aug. 30 to Sept. 3, with most of them linked to U.S. equities. Twenty-three of the offerings were linked to the performance of a custom basket of U.S. stocks. An additional nine CDs were linked to a single equity index or multiple indexes.



BIGGEST DEALS

LARGEST DEALS OF THE WEEK, AUGUST 30-SEPTEMBER 3**

Morgan Stanley issued $1 billion of 15-year, callable fixed-rate step-up notes on Aug. 31. The SEC-registered securities offer an initial annual interest rate of 5 percent, and step up every three years to a final rate of 10 percent. The bank has the option to redeem the notes on quarterly call dates after the first year.
ID BBG0014RV6D1

Barclays Plc issued $530 million of one-year, floating-rate step-up notes based on three-month U.S. dollar Libor on Sept. 3. The unregistered notes were sold in the U.S. They will offer an initial rate of Libor less seven basis points for the first three months, and will step up every quarter. The rate will increase to Libor plus 5 basis points for the second quarter, plus 25 basis points for the third and to plus 50 basis points for the fourth and final quarter. Investors have the option to redeem the notes with 95 days notice.
ID BBG0015S4GX4

Fannie Mae issued $250 million of 15-year, callable fixed-rate step-up notes on Aug 30. The securities pay an initial 3.03 percent for the first five years. The rate increases to 5 percent for the sixth through tenth years and to 5.25 percent for the final five years. The agency can redeem the notes on quarterly call dates after six months. FTN Financial placed $100 million of the notes. Credit Suisse Securities, Goldman Sachs & Co and Sterne Agee & Leach Inc placed $50 million each, for a fee of 0.07 percent.
ID BBG0014LX0V5

KBCI IFIMA NV sold 160 million euros ($203.2 million) of five-year, floating-rate notes on Aug. 31. The securities will pay 3 percent in the first year. The return will then be based to the U.S. dollar to euro five-year swap rate, subject to a minimum interest rate of 3 percent and a maximum of 6 percent. The intersest rate will be reset once a year. The securities will be listed in Luxembourg.
ID BBG0014PBW59

Year-to-Date Global Structured Notes Underwriters**

UNDERWRITERS	RANK	% MARKET	USD (MLN)	NO. OF ISSUES
DZ Bank AG	1	11.9	8,127.29	179
Barclays Capital	2	10.5	7,190.22	611
Deutsche Bank AG	3	10.2	6,965.86	248
JP Morgan	4	6.2	4,211.36	110
Landesbank Baden-Wuerttemberg	5	5.7	3,875.13	39
UBS	6	5.4	3,685.38	268
RBS	7	5.4	3,671.62	139
Bank of America Merrill Lynch	8	4.1	2,779.98	116
Credit Suisse	9	3.3	2,254.48	48
Citi	10	2.8	1,903.79	164
Goldman Sachs & Co	11	2.7	1,860.34	31
Societe Generale	12	2.3	1,546.82	67
HSBC Bank PLC	13	2.1	1,428.95	86
RBC Capital Markets	14	1.9	1,265.87	30
BNP Paribas Group	15	1.8	1,239.25	58
Morgan Stanley	16	1.6	1,115.58	91
Credit Agricole CIB	17	1.6	1,069.83	100
ING Groep NV	18	1.5	1,036.13	38
HSH Nordbank AG	19	1.4	983.72	34
Exprinter International Bank NV	20	1.4	957.96	9
Total (Jan. 1 to Sept. 9)			68,345.00	3,212

* According to data compiled by Bloomberg from SEC filings.
** Based on data submitted to Bloomberg by banks. The underwriter rankings exclude U.S. registered deals, as well as all variable-principal redemption, reverse- and synthetic-convertibles. Global includes Euromarket issues from all nations and domestic European notes and excludes SEC registered issues.
*** Based on data submitted to Bloomberg by banks.