

12.02.10

## VOLUMES

U.S. STRUCTURED NOTES VOLUMES*	
Sold Last Week	\$1.47 billion
Quarter-to-Date	\$8.01 billion
Third Quarter	\$15 billion
Second Quarter	\$11.61 billion
First Quarter	\$10.65 billion
Year-to-Date	\$45.3 billion
GLOBAL INTEREST-LINKED NOTES VOLUMES**	
Sold Last Week	\$4.99 billion
Quarter-to-Date	\$18.4 billion
Third Quarter	\$24.4 billion
Second Quarter	\$23.1 billion
First Quarter	\$31.6 billion
Year-to-Date	\$99.3 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.

## NOTES SOLD

### U.S.-REGISTERED NOTES

**Bank of America Corp.** issued \$74.1 million of structured notes tied to the **Dow Jones Industrial Average**, the largest sale linked to the index in eight months. The three-year notes, sold Nov. 23, return 17.5 percent, or about 5.8 percent a year, at maturity provided the measure of U.S. stock prices is at or above 90 percent of its initial value, according to a Nov. 26 regulatory filing. Investors earn more money if the index rises by more than 17.5 percent and lose money if it falls by more than 10 percent. The bank's **Merrill Lynch & Co.** brokerage unit distributed the notes for a 2.3 percent commission, according to the filing. The offering is the biggest tied to the Dow Jones Industrial Average since March 24, when Bank of America sold \$100.4 million of five-year notes, according to data compiled by Bloomberg. Bank of America has issued \$8.29 billion of structured notes this year.

continued on next page

## Currency-Linked Note Sales Rise in U.S.

BY ZEKE FAUX

U.S. sales of structured notes linked to exchange rates rose last month to the most since May as investors speculated that the dollar will weaken relative to Asian currencies.

U.S. investors bought \$98.8 million of currency-linked notes in November, up 52 percent from \$65.1 million the previous month, according to data compiled by Bloomberg. The total is the highest since May, when banks sold \$118 million of the products.

Of 14 such securities issued last month, 12 were bets the U.S. dollar would fall against Asian currencies. The notes can be an efficient way for investors to guard against a decline in the value of the dollar, said **Eric Greschner**, who helps manage about \$150 million as co-founder of **Regatta Research & Money Management LLC**.

"You can get a very long-term hedge that is relatively inexpensive compared to some of the other options that are out there," said Greschner, who has bought products linked to Asian currencies for clients.

Structured products can be cheaper than periodically buying currency options, another type of derivative, he said. The products often include protection against drops that isn't offered by exchange-traded funds tied to currencies, Greschner said.

On Nov. 19, **Deutsche Bank AG** sold \$6.29 million of one-year notes that rise in value if the

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## Deutsche Bank Sells Portuguese Bank-Linked Notes

BY SARFRAZ THIND

**Deutsche Bank AG** increased a sale of notes linked to Portuguese state-owned bank Caixa Geral de Depositos SA, even as the risk of default for the euro region's peripheral countries soared to record levels.

Deutsche Bank added 15 million euros (\$19.7 million) to the five-year notes on Nov. 29, boosting the total size to 40 million euros, according to data compiled by Bloomberg. The notes, first sold in September, use the income from Caixa Geral bonds to pay investors a coupon of 2.5 percentage points more than the three-month euro interbank offered rate, or Euribor.

The credit-linked notes were sold to individual investors and are tied to Caixa Geral's floating-rate bonds due in 2013. Investors putting money into the underlying bonds would currently receive a yield between 9.28 percent and 10.16 percent, according to **Banco Santander SA**.

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## Portuguese Bank Credit Default Swap Spreads Rise



Credit default swap prices on **Caixa Geral's** five-year senior debt (shown left) are more than five times higher than they were a year ago, according to CMA. Investors use the swaps to bet on a borrower's ability to repay debt.

Portuguese sovereign debt swaps rose to a record 543 basis points this week, and were at 466 today, up from 379 at the end of last month.

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**NOTES SOLD**

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in the U.S., the second-most of any bank, Bloomberg data show.  
ID BBG00194DHW2

■ **Citigroup Inc.** issued \$60.7 million of notes linked to the stock price of **Wells Fargo & Co.**, the largest U.S. sale of reverse convertibles in a month, according to data compiled by Bloomberg. The six-month Wells Fargo-linked securities pay 9.5 percent annualized interest the bank said in a prospectus filed with the SEC on Nov. 26. Investors are at risk of losing money if shares of Wells Fargo fall more than 20 percent from an initial price of \$26.80. The offering is the largest of reverse convertibles in the U.S. since Oct. 25, when Citigroup sold \$74.3 million of notes tied to **MetLife Inc.** Reverse convertibles, a type of structured notes, pay set interest rates that are generally higher than those of corporate bonds. The risk lies in an embedded option that gives the issuer the right to repay investors with shares if the underlying stock plummets. Distributors of the notes earned a 1.5 percent fee.

CUSIP 17316G685

■ **Citigroup Inc.** issued \$43.5 million of

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**Bloomberg Brief Structured Notes**

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**Currency-Linked Note Sales...**

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U.S. dollar falls relative to a basket consisting of the Indian rupee, the Indonesian rupiah, the South Korean won and Singapore's dollar, according to a regulatory filing. **JPMorgan Chase & Co.** distributed the notes for a 1 percent commission.

The notes pay no interest and return 8.5 percent if the Asian currencies climb against the dollar by 3 percent to 13.5 percent. Investors earn more if the currencies rise more than 13.5 percent and lose a fixed 5 percent if the currencies fall or increase by less than 3 percent.

The rupee gained 2 percent against the dollar this year to 45.38 as of yesterday's 5 p.m. close in Mumbai, from 46.5 per dollar at the end of 2009. Singapore's dollar rose 6 percent against the U.S. currency to 1.314 per dollar, from 1.4018 at the end of last year.

**Deutsche Bank Sells Portuguese ...**

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"No real-money account would buy this stuff as they can cherry-pick these bonds" in the market, said **Michael Heemelaar**, head of global credit investing at **F&C Asset Management Plc**, a London-based firm that oversees 98 billion pounds (\$153 billion). "From an investor's perspective, it's ridiculous."

Credit-linked notes are usually sold to investors who might have difficulty accessing the underlying bonds, while earning fees and raising money for the issuing banks. The securities also allow banks to hedge their holdings by transferring risk to noteholders, according to F&C's Heemelaar.

Deutsche Bank's notes were issued at 96 percent of face value to its unit in Portugal, which is distributing the securities, according to the prospectus. The notes pay investors a total annual coupon of 3.53 percent based on Euribor's current rate of 1.027 percent.

Stacey Coglan, a London-based spokeswoman for Deutsche Bank, declined to comment on the transaction.

Credit-default swaps on Portuguese bank and government debt surged this week as a bailout for Ireland failed to calm investor concerns that Europe's debt crisis will deepen.

Contracts on Caixa Geral soared to a record 580 basis points Nov. 30, according to CMA. The swaps, which investors use to bet on a borrower's ability to repay debt, were 71 basis points at the start of the year.

Portugal debt swaps rose to a record 543

basis points this week, and were at 466 today, up from 379 at the end of last month, according to data provider CMA. A measure of the average cost of insuring Greek, Portuguese, Spanish, Italian and Irish debt soared to a record 549 on Nov. 30, and was at 496 today.

Deutsche Bank joined **Societe Generale SA** in issuing securities paying higher yields as a result of the turmoil in Portuguese debt markets.

In October, SocGen sold 12 million euros of four-year securities linked to **Banco BPI SA**, **Banco Espirito Santo SA** and **Banco Comercial Portugues SA**, Bloomberg data show. Noteholders get a 7.25 percent coupon with the risk of losing all their money if any of the banks default.

"I wouldn't really recommend it to clients, the pickup to the sovereign Portugal is too small," said **Thomas Maurer**, a fixed-income trader and structurer at **Bank Julius Baer & Co.** In Zurich. "One could argue the banks are okay and have suffered too much on the Portugal risk. But that is the only rationale for me."

**Carlos Joaquim Peixoto**, chief bank analyst covering Iberian lenders at Banco BPI, is unconvinced by the threats to Portugal's financial institutions.

"Portugal, unlike Ireland, isn't facing significant problems in the financial sector," Porto, Portugal-based Peixoto said. "The risks of Portuguese banks defaulting are low to non-existent."

**On The Move**

■ **Sofiene Haj Taieb** is one of 10 new appointments to **Societe Generale's** General Management Committee. He joined the bank in 1996 and held sev-

eral positions relating to derivatives and structured products before being named global head of cross-asset solutions in 2009.

**SOLD THIS WEEK**

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securities tied to **Schlumberger Ltd.**, according to a Nov. 26 prospectus filed with the SEC. The six-month notes sold Nov. 23, pay 8 percent a year, Citigroup said. Principal is at risk if Schlumberger falls more than 20 percent from \$75.44. Distributors of the notes earned a 1.5 percent fee.

CUSIP 17316G677

■ **Barclays Plc** issued \$33.9 million of equity-linked notes underwritten by **Merrill Lynch & Co.** The notes, sold Nov. 23, return twice any gains in the **S&P 500 Index**, up to a cap of 20 percent, according to a prospectus filed with the SEC on Nov. 26. Principal is returned if the gauge falls by as much as 10 percent, with investors losing 1 percent for every percentage point the S&P 500 falls beyond that level. Barclays has issued four offerings of structured notes this year that were underwritten by **Bank of America**, according to data compiled by Bloomberg.

ID BBG00194DJ21

■ **Bank of America Corp.** sold \$30.9 million of notes linked to the **Dow Jones-UBS Agriculture Sub-Index Excess Return**, which rose about 20 percent this year through Nov. 29. The bank has underwritten \$1.53 billion of commodity-linked notes in the U.S. this year, the most of any bank, according to data compiled by Bloomberg. The two-year securities, sold Nov. 23, return twice any gains in the commodities gauge up to a cap of 25 percent, according to a prospectus filed with the SEC on Nov. 26. Principal is returned if the gauge falls by as much as 10 percent, with investors losing 1 percent for every percentage point the index falls beyond that level.

ID BBG00194DJB1

■ **Morgan Stanley** sold \$30 million of "Jump Securities" linked to the **Philadelphia Oil Service Sector Index**, which climbed 17 percent this year through Nov. 29. The one-year notes, sold Nov. 23, return 17.5 percent if the gauge closes above its initial value. The index tracks the stock prices of companies involved in the oil industry including **Baker Hughes Inc.** and **Transocean Ltd.** Investors lose money if the index falls. Morgan Stanley distributed

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## Barclays Launches 11 'No-Reset' ETNs

BY ZEKE FAUX

**Barclays Plc** listed 11 leveraged ETNs this week which are designed to return two or three times the gains or losses of various indexes. Unlike some other leveraged exchange-traded products, the leverage of these notes isn't reset periodically.

The notes, which trade on the NYSE Arca exchange, are linked to the **Standard & Poor's 500 Index**, the **Russell 2000**, the **Russell 1000**, the **MSCI EAFE Index** of developed markets, the **MSCI Emerging Markets Index** and the **S&P 500 VIX Mid-Term Futures**. The leverage of each note will vary over time from its initial level since it isn't reset.

The VIX-linked ETN, listed under the ticker symbol VZZ, was designed to return twice the gains in the index initially. Last year, Barclays issued five ETNs that also have leverage that isn't reset periodically. The notes, which are linked to the S&P 500, have a combined market capitalization of \$48.1 million, according to data compiled by Bloomberg.

Barclays New Leveraged Exchange-Traded Notes	Ticker
iPath Long Extended Russell 1000 TR Index ETN	ROLA
iPath Short Extended Russell 1000 TR Index ETN	ROSA
iPath Long Extended Russell 2000 TR Index ETN	RTLA
iPath Short Extended Russell 2000 TR Index ETN	RTSA
iPath Long Extended S&P 500 TR Index ETN	SFLA
iPath Short Extended S&P 500 TR Index ETN	SFSA
iPath Long Enhanced MSCI EAFE Index ETN	MFLA
iPath Short Enhanced MSCI EAFE Index ETN	MFSA
iPath Long Enhanced MSCI Emerg Mkts Indx ETN	EMLB
iPath Short Enhanced MSCI Emerg Mkts Indx ETN	EMSA
iPath Long Enhancd S&P 500 VIX Mid-Term Fut ETN	VZZ

The \$20 million privately placed issue referenced the performance of **Direxion Daily Financial Bull 3X Shares**, a U.S. exchange-traded fund that invests in the **Russell 1000 Financial Services Index**.

Frankfurt-based Commerzbank's notes were structured to pay the coupon as long as the underlying shares remained above 85 percent of the initial value on the expiry date. The value of the fund dropped to a low of 21.28, 4 percent below the 22.18 level when the notes were issued on Oct. 29.

"The Direxion ETF tracks a lot of U.S. financial stocks and has been volatile in the past," said **David Zajdman**, who works in structured product sales at Commerzbank in London. "With the low barrier it meant we paid a high coupon on this deal."

Investors would have received a cash equivalent of the fund value at maturity if it had fallen 15 percent or more. The notes were issued at a price of 100 percent of face value.

Reverse convertibles pay interest rates that are typically higher than those of corporate bonds. The risk lies in an embedded option that gives the issuer the right to repay investors with shares or the cash equivalent if the underlying reference entity falls.

The second-highest reverse convertible coupon this year was on a note linked to European banks sold by **Bank Julius Baer & Co.** in May, Bloomberg data show. It matured Nov. 22 and handed investors a 32.2 percent return because none of the underlying names — **Deutsche Bank AG**, **Societe Generale SA** or **Banco Santander SA** — fell by 50 percent or more during the life of the deal, according to the term sheet.

## UBS Starts ETN Tracking U.S. Equity Volatility

BY ELIZABETH STANTON

**UBS AG** introduced an exchange-traded note whose value is based on U.S. stock market volatility, competing with products from companies such as **Bank of America Corp.** and **Barclays Plc**.

The ETN is linked to the VIX, as the **Chicago Board Options Exchange Volatility Index** is known, UBS said in a statement. The **UBS E-TRACS Daily Long-Short VIX ETN** began trading Wednesday on **NYSE Euronext's Arca** electronic platform under the symbol XVIX.

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**NOTES SOLD***continued from page 3*

the notes itself for a 2 percent commission, according to a Nov. 26. ID BBG0019LNDR8

■ **UBS AG** issued \$28.9 million of autocallable notes linked to **Anadarko Petroleum Corp.**, the largest offering of callable equity-linked notes issued by the bank in the U.S. since April, according to data compiled by Bloomberg. The one-year securities, sold Nov. 24, are called if shares of the oil exploration company are at or above their starting level at the end of any month, according to a prospectus filed with the SEC on Dec. 1. Investors receive a 24 percent annualized return if the notes are called. If the notes aren't called, principal is returned as long as Anadarko hasn't dropped more than 30 percent. Investors lose money if the stock falls below that level. UBS distributed the notes itself for a 1.25 percent commission.  
CUSIP: 90267F279

■ **Barclays Plc** sold \$22.5 million of five-year notes linked to the **S&P 500 Total Return Index** and the **S&P 500 VIX Mid-Term Futures Total Return Index**. The notes, sold Nov. 23, are tied to a hypothetical portfolio made up of the indexes and cash that is reallocated based on a formula. Investors can redeem the notes early and may lose money, according to a Nov. 26 regulatory filing.  
ID BBG0019M8X71

**EUROPEAN NOTES**

■ **Bank Nederlandse Gemeenten** issued 25 million euros (\$32.7 million) of 30-year notes linked to euro interest-rate swaps. This is BNG's third structured issue in 2010. The notes pay a coupon equal to the 10-year euro swap rate, according to data compiled by Bloomberg, with a cap of 14.5 percent and a floor of zero percent. **Barclays Capital** underwrote the notes. The 10-year euro swap rate, the cost of exchanging fixed interest payments for floating

*continued on next page***UBS Starts ETN...***continued from page 3*

The value of the note depends on the difference between short- and longer-term futures on the VIX, as measured by the S&P 500 VIX Futures Term-Structure Index, UBS said. The index has risen about 52 percent this year as investors paid higher prices for options to hedge stocks over a longer period.

**Credit Suisse Group AG** and **Citigroup Inc.** also have also recently listed VIX-themed notes.

**EU Seeks Clarity, Risk Disclosure on Prips**

BY SARFRAZ THIND

The **European Commission** issued a consultation paper calling for improved transparency and clearer language in sales documents for packaged retail investment products, or Prips.

The Commission wants Prips to be sold with a two-page "key investor information document," or Kid, that provides information in an understandable form and contains a standardized risk rating, according to its website.

Prips are products that combine investment vehicles including structured products, insurance contracts and funds.

The paper is expected to be the Commission's last consultation on Prips before new legislation on the structured products market is introduced in the middle of next year, according to **Andrew Sulston**, a partner in the derivatives and structured finance practice at **Allen & Overy LLP** in London.

"This still leaves a lot of open issues," said Sulston. "For instance, the Consultation proposes that all Kuids are kept up-to-date over the product life. If the product is no longer being sold what purpose would that serve?"

Sulston also said further refinement is needed on which floating rate products are exempt from the rules. Market participants have until Jan. 31 to reply with their comments.

**Former iPath Execs Launch ETN Firm**

BY ZEKE FAUX

**VelocityShares**, the company founded by bankers who helped develop **Barclays Plc**'s iPath exchange-traded notes, plans to create ETNs for active traders.

The firm, based in New Canaan, Connecticut, launched its first ETNs this week, issued by **Credit Suisse Group AG**. **Greg King**, the company's chief executive officer, said the firm plans to issue more ETNs and may work with other issuers.

"We're focused on the trading community," said King, who helped launch the first ETN when he was head of iPath and advisor solutions at Barclays.

The firm's first ETNs are linked to the VIX, as the **Chicago Board Options Exchange Volatility Index** is known. VelocityShares listed six securities that can be used to bet the VIX will rise or fall, including two that use leverage to boost returns.

King founded VelocityShares in 2009 with **Nick Cherney**, who also helped develop the iPath ETNs at Barclays. The company focuses on developing and marketing ETNs and partners with banks to issue and hedge the products, King said. **Richard Hoge**, a former managing director at **Natixis**, also co-founded the firm.

VelocityShares' first ETNs are:

- VelocityShares Daily 2X VIX Short-Term ETN (TVIX)
- VelocityShares Daily 2X VIX Medium-Term ETN (TVIZ)
- VelocityShares Daily Inverse VIX Short-Term ETN (XIV)
- VelocityShares Daily Inverse VIX Medium-Term ETN (ZIV)
- VelocityShares Daily Long VIX Short-Term ETN (VIX)
- VelocityShares Daily Long VIX Medium-Term ETN (VIZ)

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rates, is 3.1 percent. This is the highest it has been since May 17. The level dropped to 2.27 percent on Aug. 30, the lowest since the euro's start in 1999.

ISIN XS0566373543

■ **Royal Bank of Scotland Group Plc** issued its first notes based on the performance of a basket of rare-earth miners including **Molycorp Inc.**, **Arafura Resources Ltd.** and **Neo Materials Technologies Inc.** The bank sold about 4 million euros (\$5 million) of the notes to German and Swiss individuals, according to **Karl Michael Hanzl**, who works in equity derivatives and structured retail sales for Austria and Germany at RBS in Frankfurt. More securities can be created to meet investor demand. Prices for rare earths, minerals used in laptops and missile-guidance systems, have soared amid export restrictions by China, the world's biggest producer. RBS's rare-earth notes have climbed 10 percent since trading started Nov. 15, according to prices on **Scoach**, the structured products trading platform run by **Deutsche Boerse AG** and Switzerland's **SWX Group**. China produces more than 90 percent of the world's rare earths. None of the 15 companies in the basket backing RBS's notes were taken from mainland Chinese companies, Hanzl said. The group includes Hong Kong-listed **China Rare Earth Holdings Ltd.** "It's not possible to invest in Chinese rare-earth companies," Hanzl said. "As a result we have had to choose all non-Chinese companies for this."

ID BBG0018YXKH5

**EUROPEAN NOTES IN THE MARKET**

■ **Morgan Stanley** is selling six-year notes which pay two times any gains in the **FTSE 100** index of U.K. blue-chip companies up to a maximum of 100 percent, as long as the benchmark doesn't fall more than 50 percent when the product matures, according to the sales brochure. If the FTSE drops more than 50 percent, holders get the cash value of the index at the prevailing rate, creating the potential for a loss. The notes choose the lowest initial entry point over first four months of the year. The notes are aimed at retail investors in the U.K. with subscription closing on Jan. 10 next year. The FTSE 100 has increased by 14.2 percent from its level of 4847 on Jan. 4 2005.

**VOICES****Ibis's Balcom on Buying Notes**

BY ZEKE FAUX

**Tom Balcom**, founder of **Ibis Wealth Management** in Boca Raton, Florida, discusses how he's used structured notes linked to real estate investment trusts.

*Ibis recently bought a security to replace a maturing REIT-linked note that returned 80 percent, he said. In November 2008, Balcom helped clients buy a two-year structured note linked to the **iShares Dow Jones U.S. Real Estate Index Fund** after the ETF had fallen by more than 50 percent in the previous year.*

*The ETF-linked note, issued by **Deutsche Bank AG**, paid twice any gains in the index, up to a cap of 80 percent, with principal returned if the index fell as much as 20 percent, Balcom said. After a competitive bidding process, Ibis replaced the note with another REIT-linked product created by **Credit Suisse Group AG**.*

*On the Deutsche Bank note:*

It's a great way of having exposure to the asset class while minimizing your downside risk. REITs had taken it on the chin at that point, but I was still bullish long-term on the asset class. We still wanted some exposure but this was after Lehman collapsed — we were more interested in the downside protection.

We had clients calling us and saying, 'What are you doing buying REITs?' My thinking was if you abandon the asset class you're basically saying goodbye to the entire economy.

*On soliciting bids:*

It usually begins about two weeks before the note matures. We go to the banks and

say, 'Here are the terms we're looking for. What kind of buffer or cap can you provide us with?'

The banks are very competitive. If they're not competitive, they'll lose the business. There are times that you have banks that are way off the reservation and offer terrible terms because their bank funding levels are not favorable or they're trying to jack up the fees. That's why anyone who uses these should have several different providers to talk to.

*On credit risk:*

The best bid is not always the one you want to select. Credit risk is an important component. That saved me from investing in Lehman in 2008. They had the highest CDS spreads.

Morgan Stanley is getting a lot of traction because they have the best terms, but they have higher CDS spreads than most of the banks.

*On comparing options and structured notes:*

A regular investor could create their own synthetic structured note. The problem is you can't do these options strategies in IRA accounts. If you're trying to make these trades in accounts across your client base, structured notes offer the flexibility to do that.

*On educating clients:*

Some of these notes are starting to mature and the clients are seeing the value. When you first talk about the trade, clients say, 'Oh, it sounds great but let's see what it actually does.'

The last decade has been a roller coaster ride for investors. The clients I'm meeting with don't want to hear about a well-diversified mutual fund portfolio. They're saying, 'What will protect me from a decline?'

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## EXCHANGE-TRADED NOTES

Nineteen structured notes have been listed in the U.S. from Aug. 1 through November 15, bringing the total to 119 from 95 a year ago. Among the ETNs listed in the second half of this year, **UBS AG's Double Long Alerian MLP Index** has grown to a market capitalization of over \$58 million, while three U.S. Treasury-linked notes issued by **Barclays Plc** have market capitalizations of less than \$5 million.

### New ETNs, Ranked by Market Capitalization

ETN	TICKER	INCEPTION DATE	ISSUER	RANK	MARKET CAPITALIZATION IN MILLIONS OF U.S. DOLLARS
E-TRACS UBS AG 2X Long Alerian MLP	MLPL	7/7/2010	UBS AG	1	58.0
Credit Suisse Merger Arbitrage Index	CSMA	10/1/2010	Credit Suisse AG	2	41.1
iPath Inverse S&P 500 VIX Short-Term Futures	XXV	7/19/2010	Barclays Plc	3	40.1
iPath US Treasury 10-year Bear	DTYS	8/9/2010	Barclays Plc	4	34.4
E-TRACS Wells Fargo MLP	MLPW	11/1/2010	UBS AG	5	27.6
Barclays ETN+ S&P Vector	VQT	8/31/2010	Barclays Plc	6	21.5
C-Tracks ETN on Citi Volatility Index TR	CVOL	11/15/2010	Citigroup Funding Inc	7	21.0
iPath US Treasury Flattener	FLAT	8/9/2010	Barclays Plc	8	17.3
PowerShares DB 3X Short 25+ Year Treasury Bond	SBND	7/1/2010	Deutsche Bank AG	9	13.2
UBS E-TRACS Alerian Natural Gas MLP Index	MLPG	7/14/2010	UBS AG	10	11.1
UBS E-TRACS 1x Monthly Short Alerian MLP	MLPS	9/29/2010	UBS AG	11	9.1
iPath US Treasury 2-year Bear	DTUS	8/9/2010	Barclays Plc	12	8.1
iPath US Treasury 2-year Bull	DTUL	8/9/2010	Barclays Plc	13	7.9
iPath US Treasury Steepener	STPP	8/9/2010	Barclays Plc	14	6.4
JPMorgan Double Short US Long-Bond Treasury Futures	DSTJ	10/5/2010	JPMorgan Chase & Co.	15	5.4
JPMorgan Double Short US 10-Year Treasury Futures	DSXJ	10/5/2010	JPMorgan Chase & Co.	16	5.1
iPath US Treasury Long Bond Bear	DLBS	8/9/2010	Barclays Plc	17	5.0
iPath US Treasury 10-year Bull	DTYL	8/9/2010	Barclays Plc	18	4.9
iPath US Treasury Long Bond Bull	DLBL	8/9/2010	Barclays Plc	19	4.8

### New ETNs, Ranked by Average Daily Volume

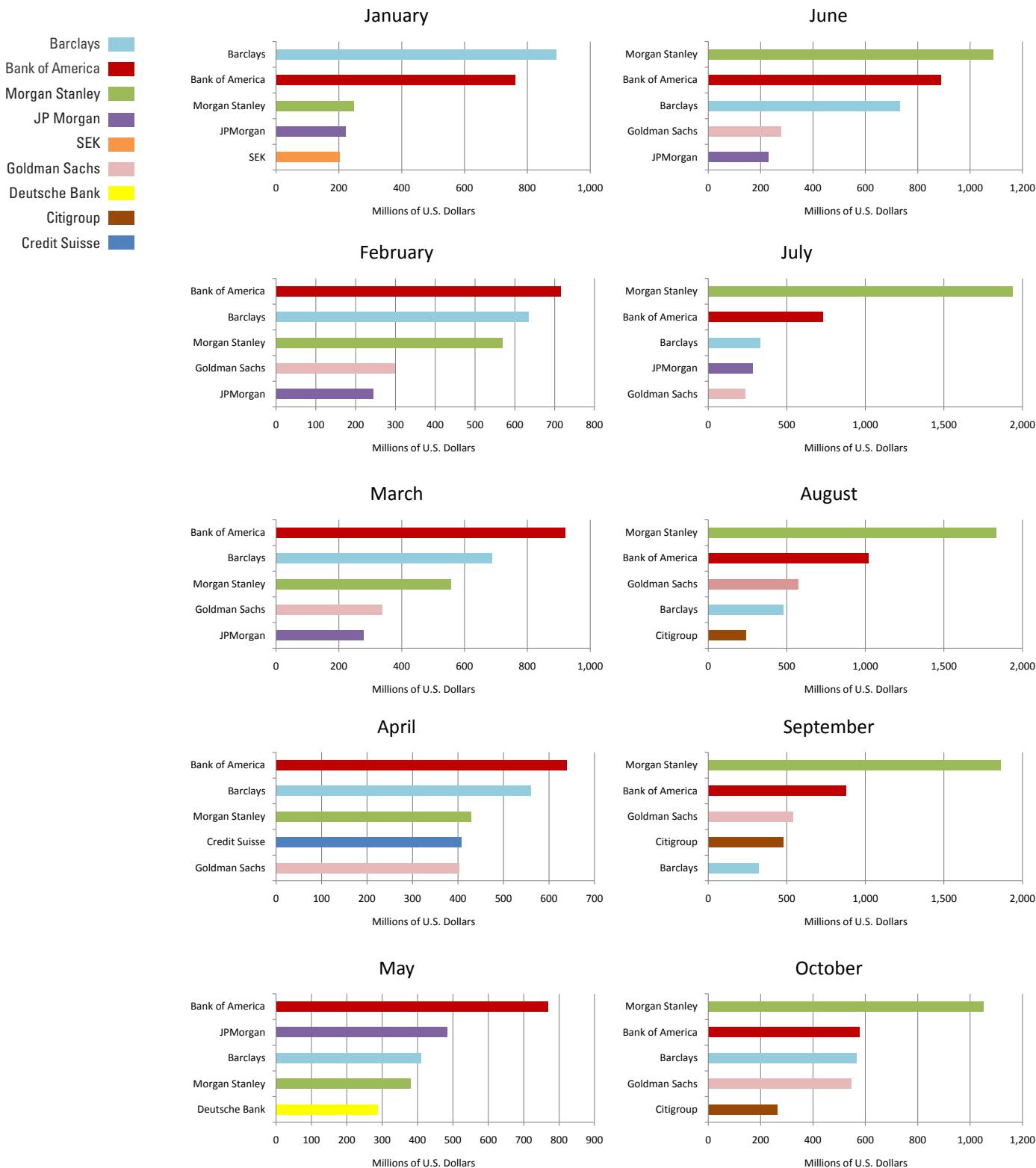
ETN	RANK	AVERAGE DAILY VOLUME, NOV. 19-26
Credit Suisse Merger Arbitrage Index	1	149,067
iPath Inverse S&P 500 VIX Short-Term Futures	2	71,010
E-TRACS UBS AG 2X Long Alerian MLP	3	25,826
iPath US Treasury 10-year Bear	4	16,615
iPath US Treasury 10-year Bull	5	11,950
Barclays ETN+ S&P Vector ETN	6	10,795
PowerShares DB 3X Short 25+ Year Treasury Bond	7	10,294
iPath US Treasury Long Bond Bear	8	7,840
iPath US Treasury Long Bond Bull	9	6,520
iPath US Treasury Flattener	10	5,751
iPath US Treasury Steepener	11	3,800
C-Tracks ETN on Citi Volatility Index TR	12	1,930
iPath US Treasury 2-year Bull	13	1,789
UBS E-TRACS Alerian Natural Gas MLP Index	14	1,726
E-TRACS Wells Fargo MLP	15	1,612
iPath US Treasury 2-year Bear	16	1,560
JPMorgan 2X Short US Long Bond Futures	17	519
JPMorgan 2X Short US 10-Year Treasury Futures	18	50
UBS E-TRACS 1X Monthly Short Alerian MLP	19	40

### New ETNs, Ranked by Return

ETN	INCEPTION DATE	RANK	RETURN SINCE INCEPTION
iPath Inverse S&P 500 VIX Short-Term Futures	7/19/2010	1	52.4
E-TRACS UBS AG 2X Long Alerian MLP	7/7/2010	2	29.3
E-TRACS UBS Alerian Natural Gas MLP	7/14/2010	3	12.0
JPMorgan 2X Short US Long-Bond Futures	10/7/10	4	9.8
C-Tracks ETN Volatility Index	11/15/2010	5	7.7
iPath US Treasury 10-year Bull	8/10/10	6	4.1
iPath US Treasury 2-year Bull	8/10/10	7	3.0
Barclays S&P 500 Dynamic VEQTORTM TR Index	9/1/10	8	3.0
JPMorgan 2X Short US 10-Year Treasury Futures	10/6/10	9	2.6
iPath US Treasury Long Bond Bull	8/10/10	10	1.5
E-TRACS Wells Fargo MLP Index	11/1/2010	11	1.3
iPath US Treasury Flattener	8/10/10	12	-0.4
iPath US Treasury Steepener	8/10/10	13	-1.1
PowerShares DB 3X Short 25+ Year Treasury Bond	7/1/2010	14	-1.2
iPath US Treasury Long Bond Bear	8/10/10	15	-1.8
Credit Suisse Merger Arbitrage Index	10/4/10	16	-2.0
iPath US Treasury 2-year Bear	8/10/10	17	-4.3
iPath US Treasury 10-year Bear	8/10/10	18	-4.6
E-TRACS UBS 1X Monthly Short Alerian MLP	9/29/2010	19	-8.0

## TOP U.S. ISSUERS, BY MONTH

Banks have varied the amount of notes they have issued each month, measured both in dollar volume and relative to other institutions. **Barclays** issued \$893 million in notes in January, more than any other bank, and ranked fifth for the month of September after issuing \$321 million. The below tables ranks the top five issuers by month, through October.



## ASSET CLASS BREAKDOWN

### Certificates of Deposit\*\*

Equity-linked instruments dominated the U.S. certificates of deposit sold between Monday and today, according to data submitted to Bloomberg by banks. Of the 37 CDs sold during the period, 19 were linked to a basket of U.S. equities and seven were linked to either the **S&P 500 Index** or the **Dow Jones Industrial Average**.

**Commerce Bank, First State Bank of DeQueen and United Bank of Osseo** all offered CDs with fixed interest rates that increase over time which had monthly call dates after the first year. One such CD sold by Commerce Bank has an initial interest rate of 1 percent for the first two years, pays 1.25 percent in the third year, and 2.5 percent in the fourth and final year. United Bank of Osseo's eight-year step-up CD pays 1 percent in the first year. The coupon increases to 1.25 percent in the second year, followed by annual increases to 1.5 percent, 1.75 percent, 2.25 percent, 2.75 percent, 3.25 percent and 5.5 percent.

**Wells Fargo** sold a five-year instrument linked to the performance of a basket of 10 commodities.

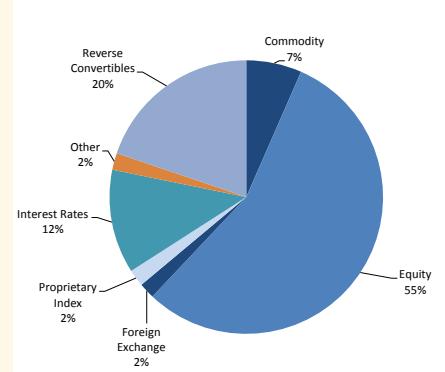
### SEC-Registered Notes\*

Investors bought \$817 million in U.S. registered, equity-linked securities last week, more than any other type of structured note. That does not include reverse convertibles.

Banks issued 137 reverse convertibles, more than half the total 253 structured notes sold last week. The dollar volume of each note varied from \$60.7 million to \$35,000, with 65 of the notes under \$1 million.

**Citigroup** issued \$132 million of the securities in three separate deals, raising more than any other bank from such notes.

**Barclays** issued 47 of the securities, the largest number of offerings.



## RANKINGS

### Global Underwriters

GLOBAL RATES-BASED STRUCTURED NOTE UNDERWRITERS**	2010 Year-to-Date			
	RANK	MKT SHARE	VOLUME USD (Mln)	DEAL COUNT
DEUTSCHE BANK AG	1	13.2	13,222	325
DZ BANK AG	2	11.4	11,360	236
BARCLAYS CAPITAL	3	8.8	8,769	734
RBS	4	6.3	6,339	208
JP MORGAN	5	5.1	5,111	147
LBBW	6	5	5,042	58
UBS	7	5	5,024	405
BANK OF AMERICA	8	4.6	4,568	159
CITI	9	3.1	3,066	254
CREDIT SUISSE	10	2.5	2,545	67
GOLDMAN SACHS	11	2.5	2,531	49
MORGAN STANLEY	12	2.4	2,372	140
SOCIETE GENERALE	13	2.1	2,113	84
ING	14	1.7	1,714	72
BNP PARIBAS	15	1.4	1,431	68
HSBC	16	1.3	1,340	99
CREDIT AGRICOLE	17	1.3	1,324	120
STANDARD CHARTERED	18	1.3	1,317	195
RBC CAPITAL MARKETS	19	1.3	1,299	34
NOMURA	20	1.2	1,222	115
<b>TOTAL (JAN.1 TO DEC. 01, 2010)</b>	<b>104</b>	<b>100</b>	<b>100,080</b>	<b>4,357</b>

\* 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.

\*\*\* Based on data submitted to Bloomberg by banks.

### U.S. Issuers

SEC-REGISTERED STRUCTURED NOTE ISSUERS*	2010 Year-to-Date			
	RANK	MKT SHARE	VOLUME USD (Mln)	DEAL COUNT
MORGAN STANLEY	1	22.6	10,262	301
BANK OF AMERICA	2	18.6	8,436	265
BARCLAYS	3	13.3	6,020	1,877
GOLDMAN SACHS	4	9.0	4,087	284
JP MORGAN	5	6.8	3,069	714
CITIGROUP	6	5.2	2,361	167
DEUTSCHE BANK	7	4.3	1,938	223
HSBC	8	3.6	1,635	314
UBS	9	3.5	1,584	217
RBC	10	3.4	1,545	869
CREDIT SUISSE	11	3.0	1,379	276
EKSPORTFINANS	12	2.7	1,233	59
SEK	13	2.7	1,228	73
RBS	14	0.5	232	265
WELLS FARGO	15	0.5	206	40
BMO	16	0.2	72	12
NOMURA	17	0.0	20	4
SUNTRUST	18	0.0	3	2
<b>TOTAL (JAN.1 TO NOV. 26, 2010)</b>	<b>18</b>	<b>100.0</b>	<b>45,306</b>	<b>5,962</b>