

SRPInsight

Issue 18 | September/October 2022

@SRP_Insider

COMMODITIES TAKE CENTRE STAGE



Euromoney
Institutional
Investor PLC

IN FOCUS // COMMISSIONS
p26

ANALYSIS // COMMODITIES
p40

Q&A // DDV
p32

API



SRP

Turn Data into Intelligence

The Application Programming Interface (API), is a web-based software application which allows clients to access our data in a controlled manner & integrate it using their own software packages & systems.



Retrieve.

- Download real time SRP data directly to excel
- Receive market share on each asset class/payoff for each company of interest

Interrogate.

- Monitor & increase your market share
- Carry out accurate trend analysis with comprehensive product data spanning over 15 years in seconds



Incorporate.

- Import data directly into in-house systems/platforms and interrogate the data and risk more effectively
- Combine data sets with other products and visualise it in the context of the larger business

Editorial:

Amelie Labbé, Pablo Conde,
Summer Wang, Marc Wolterink

Production:

Paul Pancham

Marketing:

Daniel Evans

Sales:

Reihaneh Fakhari

If you are interested in having a similar bespoke report produced for your organisation, please contact:

Reihaneh Fakhari

T: +44 (0)20 7779 8220

M: +44 (0)79 8075 6761

E: Reihaneh@structuredretailproducts.com

REPRINT POLICY:

SRP's Reprint Policy: Articles published by SRP can be sent to sources for reference and for internal use only (including intranet posting and internal distribution). If an article is to be shared with a third party or re-published on a public website (i.e. a location on the World Wide Web that is accessible by anyone with a web browser and access to the internet), SRP offers reprints, PDFs of articles or advertisements, and the licensing to republish any content published on the SRP website. Prices vary depending on size, quantity and any additional requirements. To request authorisation to republish any Q&A, profile or feature published by SRP, please contact: info@structuredretailproducts.com.



SRP

Front cover image: [Lumerb/AdobeStock](#)

Contents

News Europe	4
News Americas	12
News Apac	18
SRP Americas: Personality of the Year	24
In focus: Ban on Commissions	26
Regulation: Eusipa	28
Q&A: MSCI	30
Q&A: DDV	32
Q&A: Marex Italy	34
Crypto News	36
Market Analysis: Commodities	40
Analysis: Index vs Baskets	42
Product Wrap	44
People Moves	47

French manager debuts ESG label, tracks Paris-aligned index

Federal Finance Gestion, a subsidiary of Crédit Mutuel Arkéa, has launched the campaign for Autofocus Transition Climat Octobre 2022 in France.



Mathieu Migault (pictured), fund manager at the French investment manager.

Instead of through a swap, the product is structured by physically replicating the index.

"We managed to do so thanks to the structuration, as we invest directly in the stocks comprising the underlying index while offering the same autocall payoff as for a standard structured fund through derivatives," Migault said.

The nine-year structured fund offers access to the S&P France 40 Paris-Aligned Transition ESG 5% Decrement Index.

The first and second year of investment, a fixed annual coupon of six percent is paid, regardless of the performance of the index. From the third year onwards, the product is subject to early redemption if the index closes at or above its initial level on the annual validation date. In that case, it offers 100% capital return, plus a coupon of six percent per year elapsed, with the maximum gain set at 42%. At maturity, capital is preserved providing the index closes at or above 60% of its starting level.

"The novelty of Autofocus Transition Climat Octobre 2022 is that it's the first structured fund in France to obtain the 'Towards Sustainability' label," said

The S&P France 40 Paris-Aligned Transition ESG 5% Decrement Index has been developed internally by Federal Finance Gestion in collaboration with S&P.

The index, which went live on 30 May 2022, comprises of 40 stocks of French companies that are best aligned with the decarbonation goals of the Paris Climate Agreement (1.5°C climate scenario transition pathway; decrease of the weighted-average carbon intensity by 50% from the index universe; seven percent decarbonization trajectory; and exposure to sectors with high impact on climate change).

"In addition to the 'Towards Sustainability' label, the economics of our fund fulfil the AMF requirement for a central communication on ESG criteria," said Caroline Delangle, cross-asset solutions

manager at Federal Finance Gestion. "These two aspects are important and materialise the willingness of Federal Finance Gestion to fulfil the ESG best practices."

According to Delangle, the company's investors integrate more and more ESG and extra-financial aspects in their investment decision.

"The Mifid regulation goes in the same direction as distributors have to ask their clients about their preferences in terms of ESG [...] moreover, it's worth noting that the ESG element doesn't negatively impact the conditions with regards to yield and protection we can offer to our clients," said Delangle, adding that this fund is the first of a range of new ESG structured products from Federal Finance Gestion.

The 'Towards Sustainability' label is a quality standard to create clarity and transparency around sustainable and socially responsible which was developed in 2019 by Febelfin, the Belgian federation of the financial sector. Currently, more than 680 products from almost 100 managers have obtained the label. Autofocus Transition Climat Octobre 2022 is open for subscription until 22 October for life insurance contracts and until 3 November for securities accounts and shared savings plans (PEA).

“

It's the first structured fund in France to obtain the 'Towards Sustainability' label

Strivo, CS add lookback to fund-linked strategy

Swedish structured products provider Strivo (formerly Strukturinvest) has collaborated with Credit Suisse to launch the 2695 Fondobligation Global Optimalstart in Sweden.

The six-year medium-term note offers access to the Global Quality Equity Fund ER 16% SEK Index, a custom index sponsored by Credit Suisse International.

The index, which reflects a rule-based proprietary trading strategy, measures the performance of a portfolio comprising two actively managed mutual funds including the Coeli Sicav I Global Select Fund and Odin Global. The former focuses on finding around 30 high-quality companies with good future prospects and an attractive valuation while Odin Global follows a value-based investment philosophy and intends to invest in companies whose share price is lower than what the manager considers to be the company's real value.

The strategy has a target volatility of 16% and exposure to the fund basket can amount to a minimum of 0% and a maximum of 150%, according to Olle Gustafsson (pictured), head of dealing at Strivo.

"Exposure to the fund basket is continuously adjusted [...] if the historical 20-day volatility exceeds 16%, the exposure is reduced and if the historical 20-day volatility is below 16%, the exposure increases," he said.

At maturity, the product offers minimum 100% capital return plus 200% participation in the positive performance of the strategy, subject to 12 months backend averaging.



“Exposure to the fund basket is continuously adjusted

“The strategy aims to give investors the opportunity to have leveraged exposure to the fund basket in a positive market environment, when vol is low, and reduced exposure in times of a

market sell off, when vol is high,” said Gustafsson.

The product also has a lookback feature with the strike level determined as the lowest level during the first 20 weeks of investment (daily observations).

“This is especially appealing to investors in the current market environment that is characterised by high uncertainty,” Gustafsson concluded.

Strivo has distributed 20 structured products based on a fund strategy in Sweden in 2022 to date, according to SRP data.

The products sold an estimated SEK350m (US\$32.8m), making it the second most popular asset class for the company – behind equity share baskets (SEK385m from 37 products), but ahead of credit (SEK255m from 14 products) and single indices (SEK225m from 19 products).

The fund-linked structures are issued via Deutsche Bank (nine), Credit Suisse (eight) and BNP Paribas (three), and include products linked to Mandatum Life Nordic High Yield Total Return Fund, SPP Global Solutions, Carnegie Listed Private Equity and PriorNilsson Idea.

As of 20 September 2022, Strivo had an 18.9% share of the Swedish market – collecting SEK1.4 billion from 99 products.

Vestr deploys ESG reporting capabilities

Clarity AI and Swiss actively managed certificates (AMC) platform Vestr have launched a partnership to enable ESG reporting capabilities for asset managers. Clarity AI's data has been integrated on Vestr's Delta platform to offer 'comprehensive product reporting', including individual and joint ESG impact ratings, and will be offered alongside the platform's portfolio management tool. New York-based Clarity AI offers ESG and sustainability capabilities by using advanced technology to gather, assess, organise, clean and quality-check raw data, which is then used to align to industry consensus ESG risk analysis. The company covers more than 50'000 public companies, 280'000+ funds from 198 countries and 188 governments.

Deutsche offers short maturity on interest-linked autocall

Deutsche Bank Belgium is distributing the Interest Linked Bond Autocallable 2028. The six-year, fully capital-protected note is denominated in euro and issued on the paper of parent company Deutsche Bank AG.



annual observation dates, the product redeems early, returning 100% of the nominal invested, plus the final coupon paid out in full.

“The strong increase of interest rates this year has allowed us to distribute more interest linked products and with shorter maturities,” said Christophe Blontia (pictured), senior product manager structured products at Deutsche Bank in Brussels. “What is interesting for this particular product – besides the attractive fixed coupons – is the relatively short maturity of maximum six-years with the possibility of an early redemption already after four years, something that is really appreciated by our clients.”

Since the current interest rate spreads (difference between long term and short-term interest rates) are very low now, it’s an interesting time to invest in such a product, according to Blontia.

“We expect rates curve to normalise in a few years, which would considerably increase the likelihood of the product being early redeemed after four-years with a nice total return. We would not be able to offer a four-year product today

with the same yield potential,” said Blontia, adding that the bank plans to have more such payoffs in its offer going forward if the market conditions remain favourable, not only in EUR but also in USD.

The bond is the eight interest-linked product distributed by Deutsche in Belgium this year, against none in 2021, and the first with an autocall feature. The six products that have struck so far (two are still in the subscription period) have collected an estimated €115m (an average of €19.2m per product), according to SRP data.

“Belgian investors still very much like defensive products offering a certain minimum yield and 100% capital protection, particularly with savings rates still being very low,” said Blontia.

The heightened volatility and uncertainty on the equity markets this year is also causing a shift to more defensive products, fuelling the success of the interest linked products even more.

“The interest-linked products are clearly the bestsellers this year and we expect this trend to continue throughout 2023,” he said.

The first three years of investment, the product pays a fixed coupon of 2.75% pa. The second period of three years, the coupon is equal to two times the difference between the 30-year EUR constant maturity swap (CMS) rate and the two-year EUR CMS rate. However, as soon as the sum of the coupons reaches or exceeds 8.85% on any of the

“

The strong increase of interest rates this year has allowed us to distribute more interest linked products and with shorter maturities

Austrian investors turn to interest rate structures

Some €2 billion was invested in structured interest rate products by Austrian investors at the end of July 2022 – up €129.2m, or 6.8%, compared to the previous month (June 2022: €1.9 billion).

The increase in open interest in interest rate products, the first rise in years, led to a 4.8% increase in the total market volume for certificates, according to latest figures from the Austrian certificate association (Zertifikate Forum Austria or ZFA).

All major categories of investment certificates recorded moderate growth. The strongest growth was recorded by index certificates with a plus of 5.2%, closely followed by reverse convertibles (4.9%) while in the category leverage products, turbos without knock-out increased open interest by 19%.

As of 30 July, €4.7 billion was invested in capital protected products, of which more than €3 billion was tied in products offering 100% capital protection and €1.7 billion in products protecting 90% or more of the nominal invested.

Twelve 100% capital protected products had strike dates in July, according to the SRP Austria database. They were issued



The outstanding volume for interest-linked products increased in Austria for the first time in years

on the paper of Unicredit and Raiffeisen Centrobank (RCB), respectively. The latter's products included ESG Global Dividend Winner, a five-year certificate that offers 100% participation in the upside performance of the MSCI World ESG Select Dividend 50 Price EUR Index, capped at 55%.

By asset class, equity-linked products recorded outstanding assets of €6.7 billion end-July, a 74% share of the total market and an increase of four percent compared

to the previous month. Interest-linked products captured 22% while currencies & commodities and funds claimed two percent each.

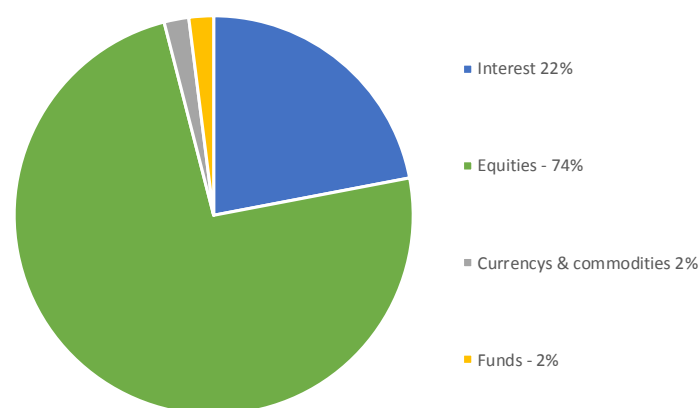
Trading turnover in certificates fell significantly compared to the very good previous month – from €421.6m in June to €254.8 million in July.

Products with 100% capital protection achieved a turnover of €107m, making it the best-performing category, despite a 39.6% drop month-on-month (MoM). Turnover for fully protected products since the start of the year is €529m.

Leverage products, in second, had a turnover of €70.5m, down 10.6% MoM while third placed reverse convertibles had a turnover of €21.8m (-52.2%).

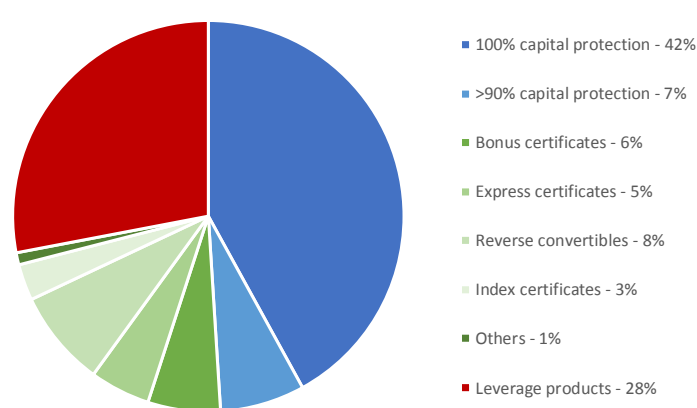
However, with a total turnover of €2.3 billion in the first seven months, there has been a significant increase in trading activity compared to the previous year.

Austria: open interest investment products July 2022 by asset class – €9.1 billion



Source: ZFA

Austria: trading volumes investment and leverage products July 2022 – €254.8m



Source: ZFA

Amundi inflows hampered by early redemptions

Amundi has reported a net income of €593m in the first half of 2022 – up 8.1% compared to H1 2021.



Although net income for the second quarter of 2022 remained high at €269m, it was still down 22.1% year-on-year (YoY), mainly driven by the sharp drop of the financial markets.

As of 30 June 2022, assets under management (AuM) in structured products stood at €28 billion, down 20.1% YoY (30 June 2021: €36 billion). Inflows in both H1 and Q2 2022 were negative, at -€2.9 billion and -€1.6 billion, respectively.

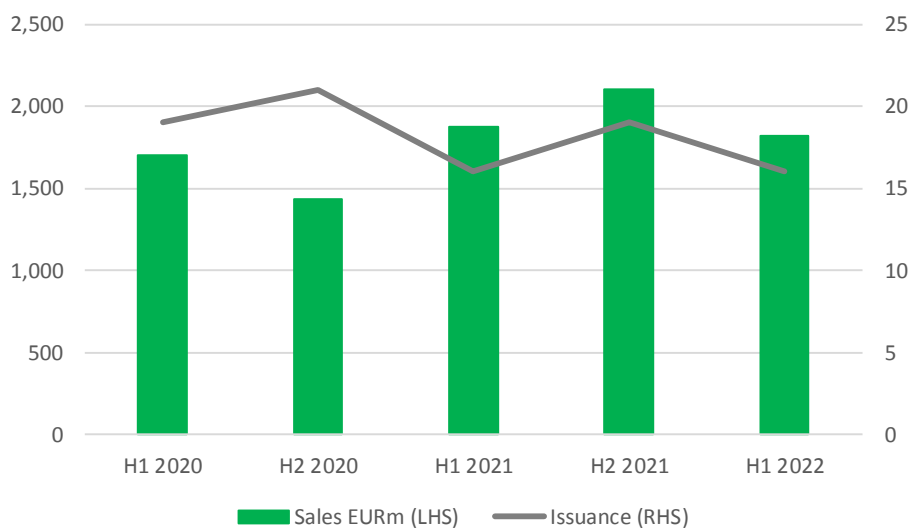
In the French networks, activity was positive in medium/long-term (MLT) assets (+€0.6 billion) but this was offset by outflows from structured products of €0.9 billion. The latter was mainly down to products autocalling, according to Nicolas Calcoen (pictured), deputy CEO, Amundi.

“In France, there were some continued flows on active management offset by outflows in structured products coming to maturity earlier than expected,” Calcoen said.

Amundi issued 16 structured products worth an estimated €1.8 billion in France during H1 2021 – stable compared to the same semester last year (H1 2021: €1.9 billion from 16 products).

The products were linked to a single equity index and distributed, among

Amundi: sales & issuance in France by semester



Source: [StructuredRetailProducts.com](https://www.structuredretailproducts.com)

others, via LCL and Crédit Agricole's Caisses Régionales. Fifteen structures featured the autocall payoff, while the remaining product, Sélection France Social Janvier 2022, offered 100% participation in the Euronext France Social Decrement 3.75% Index, capped at 70% and with a minimum overall capital return of 85%.

Some 32 products that sold an estimated €4.8 billion at inception had a knockout observation during the semester. Of these, 22 were tied to the Eurostoxx 50 with the other products linked to the Euro iStoxx 50 Equal Weight Decrement 5% Index (five), Euro iStoxx 50 Carbon Adaptation GR Decrement 5% Index (three) and Cac 40 (two).

Passive management, exchange-traded funds (ETFs) and smart beta had a good first half of the year with €11.4 billion in net inflows, bringing AuM to €284 billion at end-June, an increase of 54.5% YoY.

While Amundi ETFs had a particularly

solid first quarter, inflows were affected in the second quarter by the wait-and-see attitude of some clients looking to reduce risk in their portfolios.

Some €176 billion was linked to ETFs and exchange-traded commodities (ETCs) with the remaining €108 billion tied to the index & smart beta segment. Inflows in ETFs and ETCs were €9.4 billion for the semester and €0.1 billion for the quarter while in index & smart beta inflows were also positive, at €1.9 billion and €0.7 billion, respectively.

The asset manager continued to implement its 2025 action plan. Responsible investment AuM were €793 billion at 30 June 2022, stable compared with 30 June 2021. The change from 31 December 2021 (€847 billion in AuM) is linked to a negative market effect, partially offset by the continued integration of ESG criteria into investment management, and sustained inflows, mostly in active management.

Spotlight on... top issuers in Finland (H1 2022)

Local issuer Pohjola Pankki kept the competition at bay by claiming more than a third of the Finnish market in H1 2022.

Some 156 structured products worth an estimated €375m (US\$374.88m) were issued in Finland during the first half of 2022 – a 19% decrease by sales volume compared to the prior year period (H1 2021: €467m from 169 products).

Average volumes, at €2.4m, were also down, albeit slightly, compared to H1 2021 when products sold on average €2.8m.

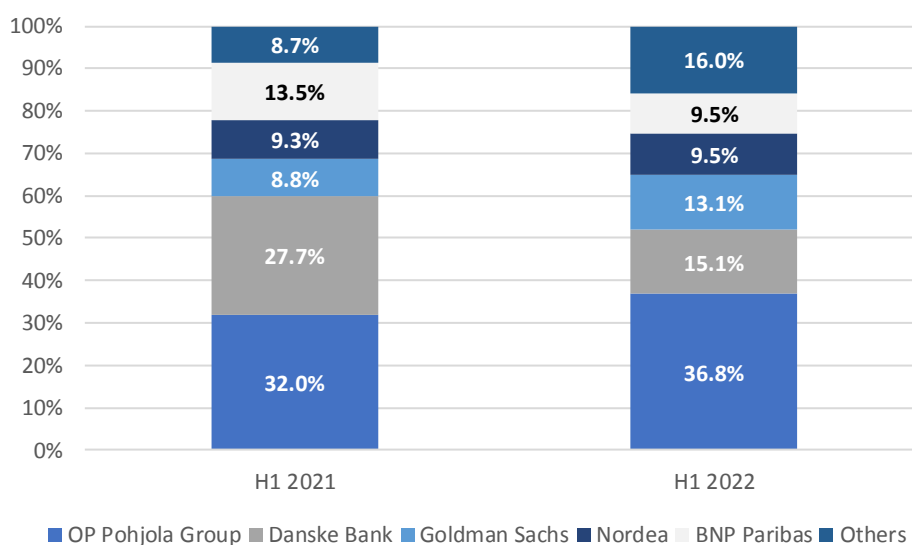
Eleven issuer groups – a mixture of Nordic providers, European and US investment banks – were active during the semester (H1 2021: 11).

Finnish cooperative banking group OP was the number one issuer with a 36.8% share of the Finnish market – up 4.8% year-on-year (YoY). It collected €140m from 35 products that included Säästöobligatio Pohjoismaiset Pankit IX/2022, a five-year capital-protected note on a basket of five Nordic banks (Nordea, SEB, Swedbank, DNB, Handelsbanken, Danske Bank), which, with sales of €26m, became the best-selling Finnish product of the semester. The products were distributed via the network of Pohjola Pankki.

In second, Danske Bank achieved a market share of 15.1% from 35 products worth an estimated €60m. The bank saw its market share decrease by 12.6% YoY.

Its products were listed at Euronext Dublin and distributed, among others,

Finland: top five issuer groups by market share*



*Excluding flow- and leverage products

Source: StructuredRetailProducts.com

via Alexandria, Elite Alfred Berg and UB Omaisuudenhoito. Goldman Sachs was the third most active provider. The US investment bank captured 13.1% of the market (H1 2021: 8.8%) from selling 19 products worth approximately €50m. All of its products were linked to equities, and they were exclusively distributed via Alexandria.

Nordea issued 20 products worth €36m,

enough to claim a 9.5% share of the Finnish market. Thirteen of its products were credit-linked notes (CLNs) that were linked to Markit CDX North America High Yield, Markit CDX North American IG Index and Markit iTraxx Europe Crossover.

BNP Paribas completed the top five, also with a 9.5% market share. The French bank sold 28 products including 17 that were linked to a single index.

“

BNP Paribas completed the top five, also with a 9.5% market share

Yield enhancement products boost SIX structured products trading

The SIX Swiss Exchange has reported turnover of structured products reached CHF688m (US\$720m) in August – an increase of 4.16% compared to the previous month (July 2022: CHF661m).

August had 22 trading days with an average 1,587 trades and an order size of CHF19,714 (July: 19,721).

The proportion of on-exchange trading fell to 81.53% (July: 82.46%), while that of over-the-counter trading rose to 18.47% (July: 17.54%).

There were 6,555 new listings (July: 7,787) and the number of trades, at 34,917, increased by 4.20% month-on-month (MoM).

“Trading in structured products picked up slightly in August despite the correction on the stock markets,” said André Buck (pictured), global head sales & relationship management at the exchange.

The number of tradeable products



increased to 54,352 – up four percent compared to July. Of these, 68.11% are leverage products (July: 66.63%); 27.66% yield enhancement products (July: 28.94%); 3.30% participation products (July: 3.46%), 0.68% capital protection

products (July: 0.70%) and 0.26% credit-linked products (July: 0.27%).

The top 10 investment products were dominated by trackers including open-ended certificates on the UBS CMCI Components Emissions EUR Total Return Index and S&P 500 Total Return Index which achieved a turnover of CHF10m and CHF9m, respectively.

However, the highest sales, at CHF34m, came from a UBS certificate linked to a recovery basket portfolio which was first issued in June 2020 and has a maturity of 10 years. The closed-end tracker replicates the performance of long only positions in stocks and long and/or short positions in various FX forward contracts, combined with a cash position.

Optiver adds liquidity to Austrian market

The Vienna Stock Exchange (VSE) has announced that Optiver has joined the exchange as a new trading member.

Optiver will provide liquidity across listed derivatives, exchange-traded funds (ETFs) and other structured products in pan-European shares on the VSE.

The Amsterdam-based company is one of the leading market making institutions and operates globally with offices in Amsterdam, London, Austin, Chicago, Sydney, Taipei, Hong Kong, Shanghai, and Singapore.

“With over 35 years of experience as a global market maker with a strong track



record in equities, exchange-traded funds and listed derivatives, we are pleased to become a member of the Vienna Stock Exchange”, said Andrew

Meyer (pictured), head of cash equity and ETF trading at Optiver.

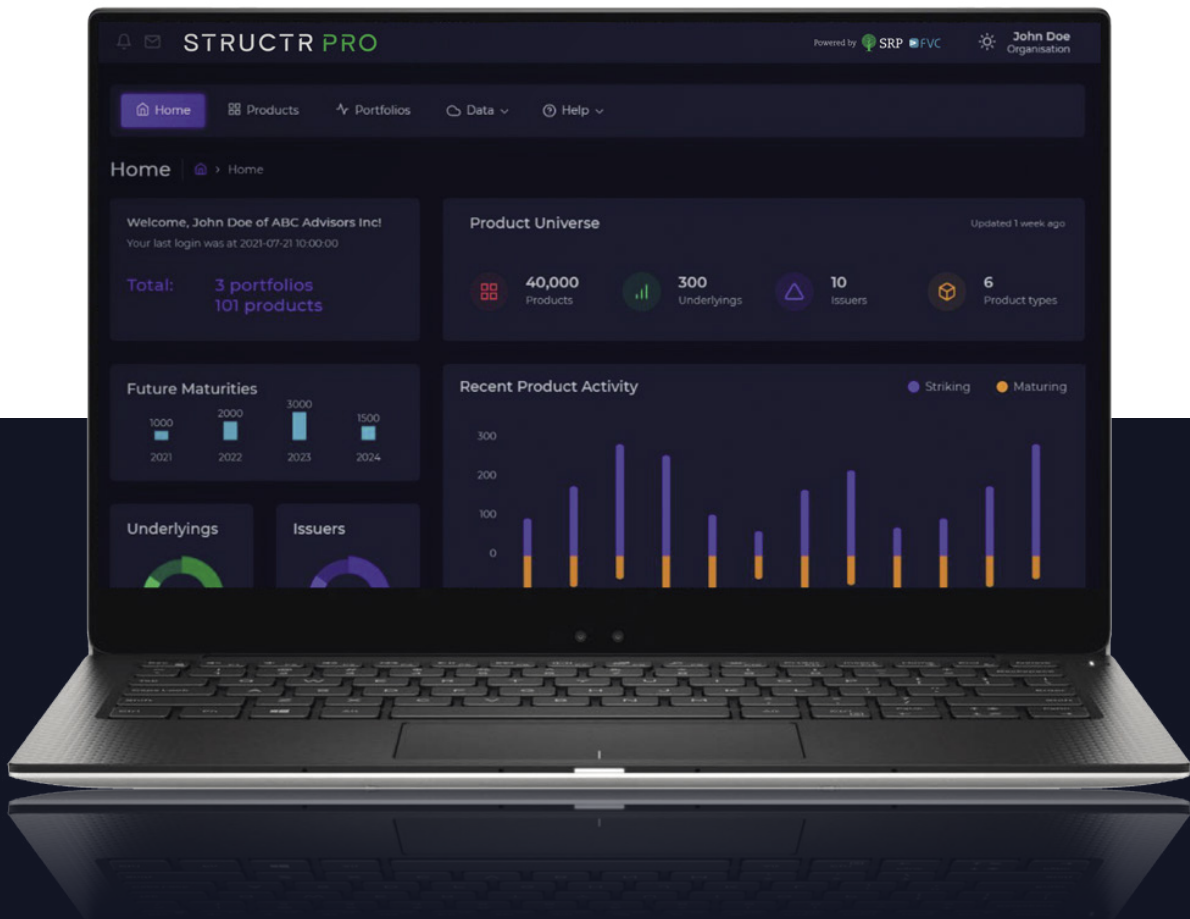
Optiver joined earlier this summer Aquis Exchange to leverage its market making capabilities and provide liquidity to the cash equities market.

A total of 65 members, including 23 Austrian and 42 international banks and securities firms, are currently admitted to trading on the Vienna Stock Exchange.

The top market participants in the first half of 2022 include Morgan Stanley & Co (13.48%), J.P. Morgan SE (7.47%) ahead of BofA Securities Europe SA (6.98%), according to the VSE.

STRUCTR PRO

A fully featured structured product lifecycle management tool



StructrPro is a complete structured product selection, monitoring and analysis system, developed using SRP's extensive structured products database and FVC's cutting-edge analytics and valuation expertise.

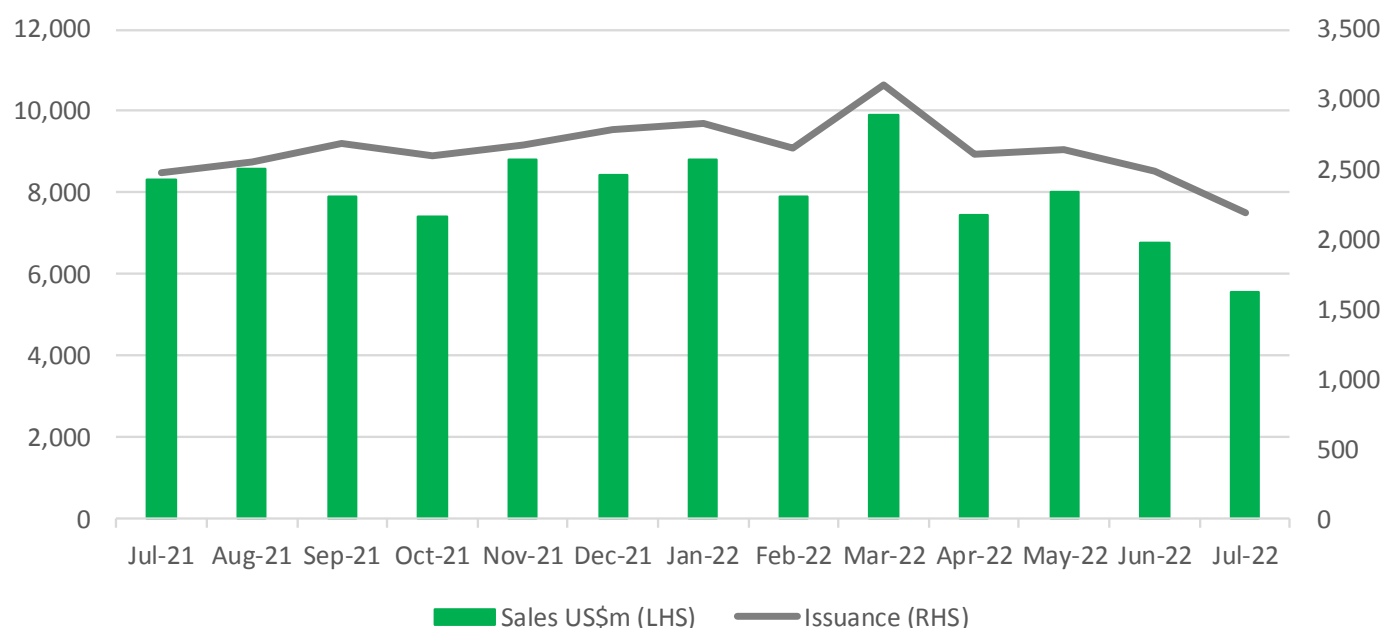
Featuring coverage of thousands of products across the US, dynamic product reports and aggregate reporting across entire portfolios. Gain valuable market intelligence on trends and future outcomes to enhance your analysis, product selection and management of structured products.

[FIND OUT MORE](#)

US July 2022: sales hit two-year low

Both sales volumes and issuance suffered from the continued absence of Barclays.

US: monthly issuance and sales from July 2021 to July 2022



Source: [StructuredRetailProducts.com](https://www.structuredretailproducts.com)

Some US\$5.6 billion was collected from 2,192 structured products with strike dates in the US in July 2022.

Sales volumes were at their lowest levels since July 2020 (when US\$5 billion was accumulated from 1,843 products) and 30% below the 12-month average of US\$8 billion. Compared to July 2021 products sold 33% less while month-on-month (MoM) figures showed an 18% decline.

The last time issuance was this low was November 2020 (1,862 products). Year-on-year (YoY) issuance was down 11% and compared to June 2022 12% fewer products were issued.

The highest sales volumes in the past 12-months were recorded in March 2022 when US\$9.9 billion was gathered from 3,105 products.

J.P. Morgan claimed a 26% share of the US market, making it the number one issuer group in July. The bank collected

US\$1.4 billion from 637 products sold during the month – an increase of 76% by sales volume YoY.

Its products were predominately linked to equities with the S&P 500, Russell 2000 and Nasdaq 100, seen in 288, 193 and 164 products, respectively, the most frequently used.

Apart from its own channels, JPMs products were available via a range of different selling agents including, among others, Morgan Stanley Wealth Management (US\$232m from 25 products), Goldman Sachs Private Banking (US\$190m from 26 products), UBS (US\$165m from 26 products), First Trust Portfolios (US\$82m from 97 products) and Raymond James (US\$26m from 17 products).

Citi, in second, captured 14.5% of the market from selling 345 products worth US\$807m. The bank's sales volumes were down 25.4% YoY (July 2021: US\$1.1

billion from 350 products). Goldman Sachs, in third place, also registered a significant drop in sales. It collected US\$764m from 231 products, a decrease of 34.9% YoY.

Other active issuer groups during the month included Morgan Stanley (US\$575m/243 products), RBC (US\$281m/96 products), UBS (US\$362m/259 products) and CIBC (US\$337m/24 products).

Barclays, which was the third most active provider in July 2021 with sales of US\$961m from 204 products, refrained from issuing products this month. Its most recent product – prior to July – a market-linked note on the S&P 500, dates back to 29 April.

However, after it announced it would resume sales of 30 iPath exchange-traded notes (ETNs) listed on NYSE Arca and CBoe BZX, which had been suspended since March, the bank has

now also resumed issuance of structured notes with 55 products worth US\$127.6m sold in August 2022

BofA's Accelerated Return Notes became the best-selling product for the month, with sales of US\$83m. The 1.2-year product, which was issued on the paper of CIBC, offers 300% participation in the rise of the S&P 500, capped at 18.92%.

Goldman's Autocallable Index-Linked Notes that offered access to the Nasdaq-100 also sold well (US\$70m). The 3.5-year structure is subject to early redemption after one-year of investment, providing the index closes at or above its starting level on 26 July 2023.

Another CIBC issued product, the Capped Leveraged Index Notes on the Energy Select Sector Index, achieved sales of US\$34m. The 1.3-year registered

note offers a maximum overall capital return of 111.78%.

The 1,052 products tied to the S&P 500 collected US\$3.3 billion. Of these, 501 structures (US\$2.2 billion) were linked to the index on its own and 551 products where the US benchmark was part of a basket, often also including the Russell 2000 and DJ Industrial Average Index (US\$1.1 billion).

Decrement indices, a rarity in the US market, where also seen in July, albeit small in numbers. Citi's Autocallable Market-linked Notes, which sold US\$650,000, were tied to a basket comprising Russell 2000 2% Decrement Index, Nasdaq 100 Total Return 2% Decrement Index and S&P 500 3% Decrement TR Index. The latter was seen on its own in another note from Citi, although this one generated no sales.

Three products from J.P Morgan on the Solactive Ensemble.Ai Large Blend PR Index did not generate sales either.

Some 116 products (US\$231m) were linked to 30 different ETFs of which the SPDR S&P 500 ETF Trust was the most frequently used (33) while 410 products were linked to equities, including 356 to a single share. Tesla, which was used as the underlying in 41 products, was the most popular share by sales volume (US\$63m) while products linked to Amazon and Apple also attracted solid sales, at US\$54m and US\$22m, respectively.

There were also 129 structures linked to underlyings from the hybrid asset class (US\$181m); 27x products linked to commodities (US\$91m); and single products were seen linked to credit (US\$1.4m), FX rates (US\$1.4m) and interest rates (US\$2m).

US annuity provider adds SG prop play, offers 7% upfront

US annuity provider Legacy Marketing Group has launched a 7% upfront premium bonus product on its newest fixed indexed annuity (FIA) series, LibertyMark Freedom.

Issued by Americo Financial Life and Annuity Insurance Company, the new LibertyMark Freedom 10 Plus and 10 LT Plus annuities will pay the 7% premium bonus (6% in California) at contract issue with no vesting schedule or risk of recapture.

In addition, LibertyMark Freedom 10 Plus and 10 LT Plus provide investors a selection of 14 index options, some with uncapped participation rate options. The most recent addition to the index pool includes the SG Lead Asset Select Exposure Rotation (Laser) Index, an index offering systematic adaptive risk allocation.

The index begins with a basket of Société Générale proprietary indices that cover exposure to US equities, US government debt, and commodities within the agriculture, metals, and energy sectors.

SG laser Index



Source: SG

The index uses the SG Market Sentiment Indicator to assess whether the market is in a growth phase, intermediate phase, or shrinking phase, and aims at stabilising itself during periods of high market volatility by reducing its exposure in chaotic markets, through a volatility control mechanism.

Other proprietary indices deployed by Legacy Marketing in its indexed annuities include the Barclays Trailblazer Sectors 5 Index, BNP Paribas Momentum Multi Asset 5 Index, Morgan Stanley Target Equity Balanced Index as well as the SG Columbia Adaptive Risk Allocation Index.

Registered index-linked annuity (Rila) sales reach all-time record

Total US annuity sales increased 16% to US\$79.4 billion in the second quarter, according to Limra's US Individual Annuity Sales Survey.



Fixed-rate deferred (FRD) and registered index-linked annuity (Rila) sales reached an all-time record for the quarter, while fixed index annuity sales fell just short of a record quarter.

Rila sales saw the highest quarter ever in the second quarter, up 8% to US\$10.8 billion. In the first half of 2022, Rila sales were US\$20.4 billion, 6% higher than the previous year. Rila sales now make up 40% of overall variable annuity sales.

Fixed indexed annuities (FIA) sales also had a strong quarter, with US\$19.7 billion in the second quarter, up 19% from second quarter 2021 and 20% year to date (YTD).

Traditional variable annuity (VA) sales fell in the second quarter. VA sales dropped 27% to US\$16.5 billion in the second quarter, the lowest quarterly results since the fourth quarter of 1995. YTD sales are down 20%.

'When you look at the carriers that fared well in the quarter and in the first half

of 2022, those with a diversified suite of annuity product offerings were most successful,' said Todd Giesing (pictured), assistant vice president, Limra Annuity Research.

Fixed annuity products also showed positive growth as consumers looked for safety from volatile equity markets.

'With average yields at or above 3% for fixed-rate deferred annuities, it's a rate environment we haven't seen in a long time,' said Giesing.

FRD sales led the way with a total of \$28.7 billion in the second quarter, 79% higher than second quarter 2021 sales. In the first six months of 2022, fixed-rate deferred annuities totalled US\$44.6 billion, a 46% increase compared with the same period last year.

Canada's SFL actions put/call to acquire AAM

Canadian financial services company Sun Life Financial (SLF) has agreed to acquire a 51% interest in Advisors Asset Management (AAM) for US\$214 million (C\$280 million), subject to customary adjustments with a put/call option to acquire the remaining 49% at the beginning of 2028.

AAM will be acquired through SLF's institutional fixed income and alternatives asset manager, SLC Management. The transaction, following closing conditions and regulatory approvals, is projected to be closed by the first half of 2023. Under the new ownership, AAM will become the US retail distribution arm of SLC Management.

Founded in 1979, AAM is an independent US retail distribution firm offering unit investment trusts (UITs), open- and closed-end mutual funds, separately managed accounts (SMAs), structured products and fixed-income markets, as well as portfolio analytics and exchange-traded funds (ETFs).

AAM target market includes financial advisors at wirehouses, registered investment advisors (RIAs) and independent broker-dealers. As of 31 July 2022, the brokerage and advised business at AAM had around US\$41.4 billion (C\$55 billion) in assets. Under the terms of the transaction, Sun Life has committed to invest up to US\$400 million to launch SLC Management alternative products for the US retail market that will be distributed by AAM.

'There is significant potential in the alternatives space to deliver solid returns for the clients,' said Scott Colyer, CEO of Advisors Asset Management.

MerQube gets further support from market players

The index provider will use the funds to develop new strategies for structured notes; latest proprietary strategy developed by the investment bank reaches US indexed annuities market.



“
Generating income with protection has become top of mind

MerQube, which offers technology for indexing and rules-based investing, has raised US\$8m in funding. Laurion Capital Management served as the lead backer, with commitments also coming from Citi, J.P. Morgan, Morgan Stanley and UBS - this round follows the US\$5 million Series A led by J.P. Morgan in October 2021.

The funds will enable MerQube to “keep developing our platform in order to deliver the scale and answer our clients’ growing and evolving needs, to attract talent, and to expand our business in key markets,” Vinit Srivastava (pictured), CEO at MerQube, told SRP.

“We are working on customised equities, and on multi/single asset class real time strategies in the area of derivatives - across asset classes like equities, fixed income, FX, volatility, commodities, etc.,” he said.

Srivastava expects MerQube’s clients to look for protection and income with particular focus on costs.

“With the uncertain outlook on growth

and with inflation which is particularly high, generating income with protection has become top of mind across regions, particularly in Europe,” said Srivastava.

“This market outlook actually plays well with the strengths that MerQube brings to the table. The support we are receiving during these times of market uncertainty is testament to the value we bring to our clients with our unique technology.”

“We believe that the indexing business is set to further expand as the exceptional growth of passive investing continues,” said Emmanuel Naim, head of derivatives at Laurion Capital Management and former J.P. Morgan executive.

Rui Fernandes, head of global equities structuring and co-head of global investor structuring at J.P. Morgan and Oliver Taylor, head of Americas equities trading at Citi, said the further round of investment and collaboration with MerQube affirms the bank’s commitment to technology as a way to provide solutions that meet investor needs for sophisticated index-based strategies.

PE firm acquires Numerix



Risk management fintech Numerix has been acquired by Genstar Capital, a US private equity firm focused on investments in targeted segments of the financial services, healthcare, industrials, and software industries. Additional terms of the transaction have not been disclosed.

Numerix provides multi-asset class pricing tools to price and manage risk for any derivative instrument in addition to fixed income securities as well as analytics and quantitative research.

Since 2018, Numerix has developed technology solutions aimed at automating pre-trade price discovery through XVA trading, market and counterparty credit risk management across all asset classes.

“We look forward to expanding our footprint across the entire value chain in the front-to-risk market,” said Steven O’Hanlon (above), chief executive officer and president of Numerix.

“Numerix is capitalizing on several macro tailwinds including the digital transformation of capital markets, continued complex regulatory requirements and substantial market volatility across asset classes and geographies,” said Scott Niehaus, director of Genstar.

Newest US FIA offers exposure to J.P. Morgan factor prop play

National Western Life Insurance Company has released the NWL New Frontiers, the latest addition to its indexed annuity catalogue.

National Western Life Insurance Company has released the NWL New Frontiers, the latest addition to its indexed annuity catalogue.

The new fixed indexed annuity (FIA) offers exclusive access to the J.P. Morgan Factor Focus index with one-, two-, and six-year investment terms.

Investors in the six-year option can choose the J.P. Morgan Factor Focus Six Year Strategy, which includes a lock-in index value option.

The J.P. Morgan Factor Focus index which is calculated on an excess return basis provides a dynamic rules-based allocation to an equity constituent (the J.P. Morgan U.S. Minimum Volatility ETF), which seeks to provide exposure to large- and mid-cap U.S. stocks exhibiting relatively lower price

Evolution J.P. Morgan Factor Focus Index



volatility; and a bond component (the J.P. Morgan Core Bond Index) offering dynamic allocation to the U.S. dollar fixed income market, with a volatility target level of 5%.

The index is subject to a daily deduction of a 0.50% per annum index fee and a notional financing cost based on three-month cash rates. The index was established on 18 March 2021.

Bancolombia launches Miami RIA and offshore brokerage operations

Colombian group Bancolombia has announced that its offshore brokerage and registered investment adviser (RIA) have started operations in Miami, Florida.

The firm previously revealed in September last year it was planning on opening its affiliates Bancolombia Capital and Bancolombia Capital Advisers a 'milestone in its international strategy'.

'Through our operations in the United States, based in the city of Miami, Grupo Bancolombia's clients of these entities

will be able to access the products and services that Bancolombia Capital will offer,' the group said in a statement released August 10.

Bancolombia's two Miami-based affiliates will provide the group's offshore clients with a range of products and services, including custom portfolio management including automatic portfolios according to the client's risk profile, access to international fixed income and equity investments, mutual funds, as well as structured notes and alternative assets.

In addition, the firm's clients will be able to access leverage services for their investment portfolios, among other transactional services.

Bancolombia received authorization from US regulators to operate as a stockbroker and as an investment adviser last May.

The group's Miami operation is led by Juan Felipe Giraldo, who was the president of Valores Bancolombia and has almost 23 years' experience at the firm.

Retirement plan participants sue union board over AllianzGI investments

Three United Brotherhood of Carpenters retirement plan participants have filed a class action lawsuit against the plan's board of trustees and its investment consultant, Callan, alleging breaches of fiduciary duties related to their investment in Allianz Global Investors funds.

According to the lawsuit filed on 2 August in the US District Court in Seattle, the board and Callan breached their duties under the Employee Retirement Income Security Act of 1974 by investing in Allianz Global Investors' Structured Alpha enhanced-return strategies.

The employees allege that the board of trustees was invested in the AllianzGI Structured Alpha 1000 Plus and AllianzGI Structured Alpha U.S. Equity 250, and the portfolios, which make up nearly one-fifth of the retirement plans' portfolios, lost 92% and 54%, respectively, of their values when the strategies collapsed.

According to the court filing, the board filed suit against AllianzGI in November 2020, and Allianz settled the suit for \$110 million in February, accounting for less than 45% of the plans' losses in the investments.

The employees are seeking that the board and Callan 'personally make good to the plans all losses incurred as a result of the breaches of fiduciary duties' because not all of the US\$250 million in losses have been recovered, according to the filing.

As of Dec. 31, 2020, the Carpenters Retirement Plan of Western Washington and the Carpenters of Western Washington Individual Account Pension

Plan had \$1.7 billion and \$564 million, respectively, in assets, according to the Seattle-based plans' most recent Form 5500 filings.

AllianzGI's Structured Alpha strategies suffered devastating losses in early 2020.

The US SEC discovered after an investigation what it called a 'massive fraudulent scheme' perpetuated by the strategy's three portfolio managers and ordered AllianzGI to pay more than US\$1 billion to settle the SEC charges and over \$5 billion in restitution to investors who lost a total of US\$7 billion due to the collapse of Structured Alpha.

UBS to pay US\$25m to settle SEC charges

The Swiss bank faces claims of alleged unsuitable sales and misrepresentations from a US broker dealer affiliate. Investment loss attorneys at Shepherd Smith Edwards & Kantas (SSEK) are talking to customers of UBS Financial Services broker William Word Huthnance in Houston, Texas, to seek compensation for unsuitable sales of the UBS Yield Enhancement Strategy (UBS YES).

The law firm is accusing the broker-dealer of allegedly unsuitably recommending the bank's 'risky iron condor strategy to customers while purportedly making misrepresentations and omissions to them'.

According to SSEK, already, one claimant has reached a US\$580K settlement over their UBS YES losses, as well as losses involving purportedly unsuitably recommended hedge funds, structured notes, and private equity fund recommendations.

In the other customer disputes still pending, investors are requesting US\$500K, US\$300K, and US\$1m, respectively. Pending investor loss claims over UBS YES involve allegations from 2016. 'Unfortunately, William Huthnance and many other UBS brokers allegedly marketed the firm's options overlay strategy to investors as a safe, conservative option when huge losses could and did result,' stated the law firm.

Launched in 2015 by UBS Financial Services, the YES structure was sold as 'a low-risk option to traditional investing strategies allowing investors to make a modest income while protecting their existing portfolios'. Wealthy investors with a net worth of US\$5m or more invested in the products, 'unaware that they were exposing themselves to the possibility of huge losses in extreme market volatility', according to SSEK.

SG lists first US index CBBCs in HK

The first batch of callable bull/bear contracts (CBBCs) on US indices has been listed in Hong Kong SAR



US index CBBCs issued by SG

Underlying	Bull/bear	Strike level	Call level	Issuance size	Effective gearing*
S&P 500	2 bull	3,650; 3,750	3700; 3800	100m	8.01x
S&P 500	2 bear	4,200; 4,300	4,150; 4,250	150m	8.01x
Nasdaq 100	2 bull	11,000; 11,400	11,300; 11,700	100m	4.93x
Nasdaq 100	2 bear	13,100; 13,500	12800; 13200	150m	4.93x
DJIA	2 bull	29,200; 30,100	29,600; 30,500	100m	6.36x
DJIA	2 bear	33,000; 33,800	32,600; 33,400	150m	6.36x

*This data may fluctuate during the life of the CBBCs

Source: SG

Société Générale (SG) is the issuer. The underlyings are the S&P 500, Nasdaq 100 and Dow Jones Industrial Index (DJIA), each of which is tracked by four CBBCs comprising two bulls and two bears. The 12 products with a knockout feature were launched on 8 September, three trading days before their listing as required by the Hong Kong Exchanges and Clearing (HKEX).

"Retail investors have been closely following the US market since 2021 and the trend has been growing," Keith Chan (pictured), Apac head of cross asset listed distribution, global markets at SG, told SRP. "We believe expanding the underlyings from Hong Kong to US indices will provide investors an additional choice to use the CBBC payoff and capture US market moves

during Hong Kong trading hours with the convenience of Hong Kong dollar trading accounts through the HKEX."

As leveraged structured products, CBBCs may be issued with a lifespan of three months to five years with only cash settlement (normally European). They also have a built-in knock-out level, and are known as turbo certificates in European markets, including Germany and The Netherlands.

The discussions between SG and HKEX about the new launch started early this year.

"US indices have always been an approved underlying for CBBCs, however we are the first and only issuer to launch CBBCs on the three

main US indices at the moment," said Chan. "Time was spent with HKEX and internally to discuss the mandatory callable event [MCE] procedures. US [index] CBBCs will only knock out during US trading hours as it's based on the cash index, which is only published during the US trading hours."

The CBBCs feature a higher leverage compared to existing US index derivative warrants (DWs), which are the other type of leveraged structured products without a knock-out mechanism on HKEX, known as turbo warrants in Europe.

"For a product with distance to knock-out of three to four percent, a leverage of up to 20 times will be offered," said Chan. "Furthermore, some investors prefer to trade index CBBCs versus

“

This year's index DWs and CBBCs are relatively consistent in flow while single stock DWs and CBBCs have declined compared with 2021

DWs, [such as] in the case of the Hang Seng Index, because CBBC prices are mainly driven by the underlying move - close to delta 1 - while DWs have other pricing variables including implied volatility and time decay."

Hedged through the e-mini futures of the three underlying indices, the new CBBCs come with an issuance size of 100 million for bull contracts and of 150 million for bear contracts with a fixed issuance price of HK\$0.25.

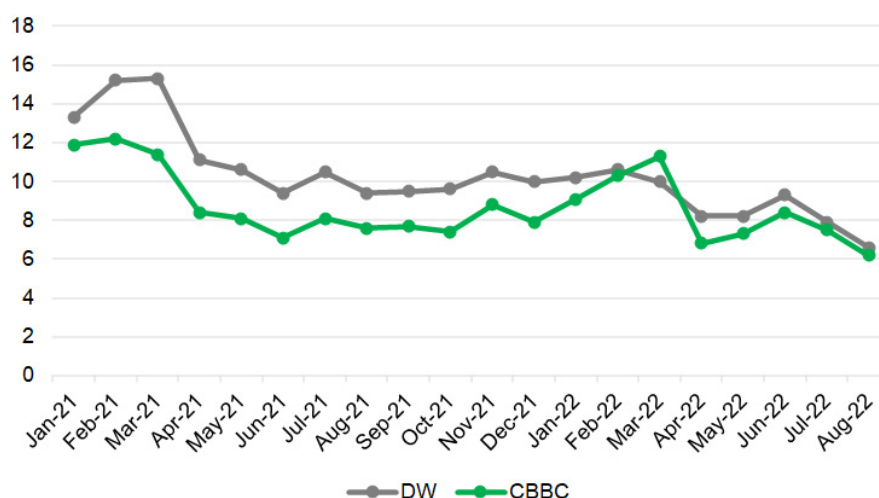
"We see the outstanding positions of US index put DWs are much higher than call DWs, hence the demand for bearish products have been higher," said Chan, adding that SG began to roll out DWs on US indices in the second quarter of this year.

In the DW market, the traded volume of US index warrants has "significantly increased" driven by put warrants in 2022 year-on-year (YoY), according to Chan.

In terms of asset class, retail investor sentiments have shifted from last year, which was especially evident in the first quarter.

"Our data indicates that this year's index DWs and CBBCs are relatively consistent in flow while single stock DWs and CBBCs have declined compared with 2021," he said.

HKEX-listed DW and CBBC average daily turnover (HK\$bn)



Source: HKEX

SG, which remains the sole issuer of daily leverage certificates (DLC) listed on the Singapore Exchange, marketed the first US index underlier in March 2022, starting with the S&P 500.

SCALEDOWN

The year 2022 has been challenging for the overall listed structured product market in Hong Kong SAR. From January to June, the combined average daily turnover (ADT) of DWs and CBBCs fell 17.9% to HK\$18.4 billion YoY as their number of new listings dropped 25.3%

and 7.6%, respectively. As a result, HKEX's listing fees were down 7.3% to HK\$488m YoY, as SRP reported.

The DW and CBBC market continued to slow down in Q3 2022 based on the ADT, which reached HK\$15.4 billion and HK\$12.8 billion in July and August, respectively.

The figures are a respective 17.2% and 24.7% decline compared with the prior-year period as well as the bottom level since 2021, according to HKEX.



Stropro onboards new issuers

Australian structured products platform Stropro has announced the addition of BNP Paribas and Natixis to its platform issuer panel. 'We've added these two powerhouses due to their global reach across multiple asset classes,' said Ben Streater, Stropro's chief investment officer (CIO).

'Both are award winning issuers of structured investments with strengths in 100% issuer protected income strategies, credit and equity linked products as well as their own institutional grade proprietary index solutions.'

The addition of two more major global banks will increase the platform's product capabilities further, particularly with more principal protected offerings. It brings the number of issuers quoting on the platform to eight including Société Générale, Credit Suisse, Citi, Macquarie, Marex and ZeroCap.

Exclusive: HSBC PB appoints SEA structured products head

The UK bank has replaced Ishan Sarkar following his appointment as head of capital markets, Southeast Asia (SEA) at HSBC global private banking (GPB).



Arnaud Gauthey (pictured) has been appointed as director, head of structured products for SEA at HSBC based in Singapore, effective 1 September.

Gauthey reports to Ishan Sarkar with responsibility for the structured products and derivatives business at the bank's wealth and GPB segments in the region, according to sources.

He joined the UK bank in Singapore in March 2019 in charge of advisory, origination and marketing for cross-asset structured products and derivatives. Gauthey also had responsibility for structuring of non-flow and bespoke solutions for ultra-high-net-worth clients.

Prior to that, he was at BNP Paribas Wealth Management in Singapore for nearly 14 years where he started as a project analyst and permanent control officer in April 2009 before shifting to risk management of investment services.

Following four years in product development covering a variety of activities including foreign exchange (FX) and equity derivatives (EQD), Gauthey in 2015 became an investment advisor in the tailor-made solutions team covering campaign product management, smart flow products advisory, alternative investment set-up and advisory as well as equity financing.

Sarkar was promoted to senior director, head of capital markets for SEA in June 2022 along with several internal senior appointments. He joined the private bank in December 2018 from Citi where he was a senior salesperson of commodity and structured solutions based in Singapore.

Sarkar started his financial career at Barclays in 2005 where he was a technical analyst for one year. He then moved to UBS where he acted as quantitative developer and subsequently associate director, FX and commodity structuring in Singapore till 2015.

HSBC GPB reported US\$311 billion invested assets, down 13.6% year-on-year (YoY) as at 30 June. Approximately 44% of it, or US\$137 billion came from Asia, representing a 17% decrease YoY, according to HSBC's Q2 22 earnings report. Within the unit, deposits remained comparable at US\$71 billion.

SGX reports record revenue

Singapore Exchange (SGX) has reported 'record-high' revenue, driven by higher derivatives volumes across equities, currencies and commodities in its FY22 ended in June 2022. Its total revenue rose four percent to SG\$1.1 billion (US\$787m) in FY22 year-on-year (YoY), the highest ever since listing. Excluding treasury income, the amount grew seven percent to SG\$1.05 billion. Groupwide, net profit was up one percent to SG\$451m.

'Our record-high revenue was driven by higher derivatives volumes across equities, currencies and commodities, as our global customers increasingly used our multi-asset platform to navigate market uncertainties,' said SGX CEO Loh Boon Chye.

Equities accounted for 66% of the total revenue, which was comparable at SG\$698.9m. Specifically, equities derivatives revenue increased eight percent to SG\$310.4m in FY22 YoY while equities cash generated SG\$388.4m revenue, down six percent YoY.

For equity derivatives, trading and clearing contributed SG\$281.9m, which was up 22% YoY 'due to higher average fees and volumes from SGX FTSE China A50 and SGX Nifty 50 Index futures', while treasury and other revenues dropped 50% to SG\$28.6m 'mainly from lower treasury income, which declined primarily due to lower net yield', stated SGX in its latest annual report.

Exclusive: BNP Paribas taps SG structurer for new role

BNP Paribas has poached a senior structurer from rival Société Générale to bolster equity derivatives distribution structuring for Asia ex-Japan.



Mickael Seve (pictured) has joined BNP Paribas Corporate and Institutional Banking (CIB) as director, Asia ex-Japan head of equity derivatives (EQD) distribution structuring, global markets.

In this newly-created role, Seve reports to Etienne Grisey, managing director, Apac head of global equities structuring at the bank, effective from 1 September, according to sources.

Grisey relocated to Singapore in July from Hong Kong SAR to take on his current role, which sits under the global equities division along with the global macro and the global credit units following the new global markets business structure launched earlier this year. Prior to that, he served as Apac head of EQD structuring at BNP Paribas.

The EQD structuring for institutions in Asia ex-Japan is managed by Grisey. And the set-up of the Japanese market team remains unchanged, SRP has learnt.

Seve's appointment follows the departure of Thomas Bord who left BNP

Paribas for Barclays in July to undertake another new position at the UK bank – head of EQD structuring for Asia ex-Japan based in Hong Kong SAR.

According to the Hong Kong's Securities and Futures Commission (SFC), Seve's licence with SG Securities (HK) was terminated on 29 July following his 14 years at the global markets division at SG where he most recently headed the equity pricing and development for Asia ex-Japan from April 2017.

After joining SG in Hong Kong SAR in 2009, Seve worked in the hybrid and credit derivatives structuring team before moving to Seoul as a structurer and trader in hybrid, credit and fixed income two years later. He returned to Hong Kong SAR in 2014 to manage equity and fixed income hybrids within the cross-asset structuring team. Prior to the French bank, Seve had a stint in equity exotic derivatives at J.P. Morgan based in Paris in 2008.

Details about his successor at SG are to be confirmed, a spokesperson at the bank told SRP.

The past three months has seen several senior moves in equity structuring at global investment banks in Asia.

In August, Walid Gueriri succeeded Guillaume Calvino as Apac head of equity structuring at Natixis CIB after Calvino was promoted to lead the equity structuring teams at a global level. Meanwhile, Credit Suisse's Clement Florentin assumed an expanded and newly-created role of head of EQD structuring for Asia ex-Japan following a reshuffle at the global trading solutions unit.

Mirae Asset rolls out new HSTech 2x leveraged tracker

Hang Seng Indexes Company has licensed the HSTech 2x Leveraged Index to Mirae Asset Global Investments to serve as the underlying index of the new Mirae Asset Tiger Synth-China HSTech Leverage ETF(H).

The HSTech 2x Leveraged Index is the leveraged version of the Hang Seng Tech Index (HSTech) with a leverage ratio of 2x. The HSTech represents the 30 largest technology companies listed in Hong Kong that have high business exposure to technology themes and pass the index's screening criteria.

The ETF was listed on the Korea Exchange on 23 August 2022.

StanChart debuts ESG structured note in Taiwan

Standard Chartered has issued its first ESG structured note issued in Taiwan with a US\$40m ESG structured Formosa note. The UK bank's inaugural Formosa note issuance follows several sustainable finance transactions from Standard Chartered over the last few months including a sustainable fiduciary deposit offering in the UK, an ESG Islamic repo transaction with a Malaysian bank, and its first Sustainable Export Letter of Credit programme. The US\$40m Formosa note, issued by Standard Chartered Bank from its note, certificate and warrant programme, has a 10-year tenor and is callable after three years by the issuer.

EAM Blackhorn: structured products contribute 40% of volume as tactical tool

Blackhorn Wealth Management has reached US\$1 billion AuM in Hong Kong SAR.

Yugi Lee, founder of Blackhorn Wealth Management and Alan Lee who joined as managing director from UBS Wealth Management in August, elaborate on the EAM's trading strategies of structured products over the past year.

Can you provide an overview of Blackhorn's structured products business?

Yugi Lee: We're an external asset manager (EAM) established in August 2021 and licensed for type 4 (advising on securities) and 9 (asset management) by the Securities and Futures Commission. There're 17 staff, including 10 investment management consultants. Our investment philosophy is guided by a strategic long-term view, emphasizing portfolio diversity with downside protection.

Year-to-date, our weekly traded volume is from US\$12m to US\$15m, around 40% of which comes from structured products – half leveraged and half non-leveraged. We use structured products as short-term tactical tools. Our clients are ultra-high-net-worth individuals (UHNIs) and their families who primarily reside in China, Hong Kong SAR and Taiwan. Their portfolios are long-term-focused with equity, fixed income, alternatives as core asset allocation.

What structured products have been on demand from your clients?

Yugi Lee: In H1 2022, one popular trade was put warrants with a gearing up to 20x with maximum loss capped at the option premium. The warrants were linked to the Hang Seng Index or S&P 500 and acted as a hedging tool. Inflation control seems to be the primary motivator for Fed policymakers. We will continue to keep the hedging strategy.

We've also taken profit from a three-month booster note with 1.3x upside participation on crude oil futures (CL1) traded in Q2. More than ever, we are now observing the very real risk of a reversal of energy price distortions, which have the potential to completely destabilize global markets. There are layers of uncertainty built around energy prices that aren't being appropriately priced in. We expect a conflagration of events in the sector and are considering to trade the note again.

Alan Lee: Decumulator has also been used to offload stocks in this very volatile environment. Client's stock holdings are pledged in order to allow them to be sold at a pre-set strike level that is higher than the currently traded stock price. The non-leveraged products are capital return and yield enhancement notes, such as fixed

coupon notes (FCNs), equity-linked notes (ELNs) with knockout or step-down. They tend to last one week to six months. In H1 2022, there was massive pickup of the six-month flow notes on a basket of stocks. We decided to sell call option strategies and decumulators as it was time to generate cash and focus on total returns of the portfolios from mid-June to August when the US market rallied.

There're many principal-protected notes (PPNs) linked to indices being pitched, but they have a tenor of over 12 months, which is too long as we're trying to stay agile and focus on total returns.

We began to increasingly trade foreign exchange (FX) and precious-metal derivatives in August, which accounts for roughly 10% of our weekly traded flow. The options are structured to collect a premium as a subsidy to high loan cost as US dollar is currently the most expensive currency to borrow. We're in discussion with some issuers about credit-linked notes.

Do you have preferred counterparties for the structured products?

Yugi Lee: For customised products including combined payoffs, we trade with issuers directly with a common



“
We use structured products as short-term tactical tools

Yugi Lee, founder, **Blackhorn Wealth Management**



“ Our trades are heavily reliant on the house view

Alan Lee, managing director, **Blackhorn Wealth Management**

minimum ticket of US\$300,000 to US\$500,000. We've traded with UBS, Nomura, BNP Paribas, Vontobel, Credit Suisse, Goldman Sachs, Citi, J.P. Morgan and Société Générale.

Execution efficiency, best price, minimum and flexibility of notional amount are main concerns when it comes to trading with issuers. We use a local multi-issuer platform catering to EAMs to get pricing of flow notes. For accumulators, decumulators and options, we work with private banks, including Julius Baer, Deutsche Bank, Bank of Singapore, LGT, UBS, HSBC, VP Bank, DBS and The Bank of East Asia.

Alan Lee: We welcome issuers to meet with our team and build up a personal touch. Selling a structured product involves additional post-sale administrative work, such as life cycle management like a knockout event. It'd be very helpful if issuers could come up with some system to simplify the process.

What trade ideas make it to the product development stage?

Alan Lee: We have two professional advisors, Jody Leung and Nejteh Demirian, in the investment committee to provide timely global market updates and macro views. Meanwhile, we receive research from private banks. Our trades are heavily reliant on the house view, but we're working to formalise the process by consolidating internal and external ideas and turn them into actionable trades.

What is your house view and fee model?

Alan Lee: Our house view believes the VIX pickup should still get relatively attractive pricing on covered call strategies on existing positions as we potentially move towards the end of a bear market rally. Central banks are tightening monetary policies across the globe, and geopolitical risks are causing energy and food prices to soar.

We continue to favour sectors like energy and medical devices. Our advisors believe global medical equipment indices are not necessarily expensive relative to historic levels and form part of a broader defensive healthcare industry segment that could show relative outperformance in a continued bear market. In terms of FX, we think US dollar strength will persist throughout 2022 and we currently hold a bearish view on offshore RMB.

Yugi Lee: With discretionary client portfolio management, we receive management fee and performance fee. This aligns with the clients' interests because they don't have to deliver high turnover so as to get commission. I think the industry will move towards this direction from the traditional retrocession fee model.

What trends have you observed in the structured product space over the last few months?

Alan Lee: Volatility has picked up noticeably and in the US equity markets. The two-year implied volatility of the S&P 500 is heading back towards the 2020

pandemic levels. In our opinion this has created a lot of favourable trading opportunities for our clients especially those looking at yield enhancement strategies by selling volatility.

We've been sharing the ideas of capital return note to clients. The rise of interest rates has allowed more investment products to offer the protection. However, we are not a product-driven wealth management firm. The structured note will only be brought to table if we want to structure a particular underlying that gives them the upside and downside protection. The rate hikes also allow us to bring FX strategies, especially when they can generate more income while reducing borrowing cost for clients.

In addition, equity volatility remains elevated and allows us to trade six-month bonus performance notes with a fixed coupon at the money strike. Essentially, clients' single stock holdings are switched into note form for recovery purposes that offers a fixed return. US stocks are the most favoured underliers.

What's your outlook on the EAMs in Asia?

Alan Lee: Having been in the banking industry for 15 years, I chose to change my career into family office from private bank. The EAM industry is inevitably growing in the Greater China. We see increased number of young bankers dive into this space where it used to gather elder or retired bankers. The reason is straightforward. Clients want independent advisory. They want you to be honest and hear your opinions.

SRP Americas Personality of the Year 2022 – Mike Heraty

Congratulations to 2022's SRP Americas Personality of the Year Mike Heraty (pictured), the head of Equity Derivative sales for North America at Credit Suisse. He received the most votes in the 2022 Americas awards survey.

//



“
**The financial crisis
[triggered] a wave
of innovation**

Mike Heraty joined Credit Suisse in October 2017 from Bank of America Merrill Lynch (Baml) where he was head of institutional equity derivatives sales and structuring for North America in New York.

He joined Baml in 2006 as head of cross asset solutions for pensions, endowments and foundations. At Baml, he managed a sales team servicing pensions, endowments, foundations, insurance companies, family offices, and asset managers, and was responsible for the distribution and structuring of equity linked notes and Baml's Investable Indices platform (risk premia, smart beta, and liquid alternatives), as well as vanilla and exotic derivatives, swaps, and exchange traded funds (ETF).

Prior to joining Baml, Heraty spent a year at BNP Paribas as a director and equity derivatives marketer within the French bank's equity derivatives group.

At Credit Suisse, Heraty has implemented the Swiss bank's plan to increase resources and investment in its hedging

capabilities to become a critical player at the product development stage with insurance companies, as well as with the marketing and distribution aspects of indexed annuities.

Under his leadership, Credit Suisse brought to market one of the most successful indexes in the US annuities market – the Credit Suisse RavenPack AI Index – which has delivered an annualised performance of 6.7% since its launch in 2017.

Credit Suisse has traded more than US\$1 billion in notional in derivatives linked to the Credit Suisse RavenPack AI Index, as of 31 December 2021.

What is your professional background?

Mike Heraty: I started my career as a rates / FX derivatives trader over 20 years ago. I then moved into the equity derivatives space with roles spanning trading and structuring. Most recently, I have had responsibility for North American equity derivative sales for Credit Suisse.

I feel like this broad experience has allowed me and our team to offer quality service to all of our clients including pensions, insurance companies, asset managers, banks, broker dealers, and RIAs.

How did you become involved in the structured products/ indexed annuities market?

Mike Heraty: I have been involved with indexed annuities ever since I started in sales. It was somewhat of a sleepy market of S&P call spreads and cliquets. But after the financial crisis, there was a wave of innovation around annuities especially around custom indices.

My involvement with structured products is more recent and it is amazing to see how the two areas have started to converge in terms of distribution, payoffs, and custom indices.

There are even synergies on the conference circuit and SRP was one of the first to tap into that.

What is the most important event you have witnessed in the structured products/ indexed annuities space?

Mike Heraty: The global financial crisis of 2008. After that event, insurance companies pivoted away from variable annuities and focused more on indexed annuities. And that product shift coincided with an increased interest in the type of defined outcomes / payoffs that can be delivered through an annuity and/or a structured product.

How do you differentiate your offering in such a competitive market?

Mike Heraty: We do this in two ways. Firstly, our team has a solutions mind set in how we work with our clients. We listen to what they are trying to accomplish and then we work hard to deliver that to them. Secondly, I would like to think that we are more flexible than our competition. Every client is different, so we try to bend towards their needs instead of asking them to bend to ours.

What is your outlook for the indexed annuity market?

Mike Heraty: The ageing population is a megatrend so I think the demand for indexed annuities will continue to grow. Interest rates are also much higher than they were a couple years ago and that is a positive for life insurance companies because they are getting more investment yield in their general account. And those benefits typically get passed on to annuity policy holders in the form of more attractive terms and features.

What in your opinion are the changes needed to make the annuities/insurance market more successful?

Mike Heraty: Annuities represent one of many products for Americans to manage their retirement needs. So I think that analytical tools that can show how annuities fit into a broader investment portfolio can be beneficial. There are some existing tools out there that show how annuities can improve a retiree's efficient frontier. Greater access and enhancements to those tools could lead to more success.

... and Best Index of the Year award – SRP Americas 2022

The team led by Mike Heraty also took the stage to receive the Index of the Year accolade on SRP's Americas 2022 conference with after the Credit Suisse RavenPack Artificial Intelligence Index was recognised for its merits – the strategy has delivered an annualised performance of 6.7% since its launch and has traded more than US\$1 billion in derivatives notional.

The index was launched in 2017 as a result of a collaboration between Credit Suisse and RavenPack to leverage the power of big data analytics to make sector allocation decisions in a tradable and systematic way within an index.

The Credit Suisse RavenPack AI Index aims to gain exposure to sectors of the US economy with stronger sentiment as determined by a news analytics algorithm developed by RavenPack, which uses Natural Language Processing (NLP) models to objectively analyse thousands of company news published by reputable sources across the globe in milliseconds. The index also implements a strategy that combines equities and fixed income, complemented by a daily risk control mechanism.

Outside the annuities market a risk control version of the index, the Credit Suisse RavenPack AIS Balanced 5% ER Index, has featured across 64 structured notes in the US market worth US\$18.87m.

SRP data shows that Credit Suisse has used 68 own-branded proprietary indices across more than 650 structured products sold across 20 retail markets.

Ban on commissions: before the fall

In our second article on the likely effect of an EU-wide commission ban, Sybil Yorke probes cause and coincidence in the UK's post-ban retail market.



UK financial advisers returned from their 2012-13 Christmas break to a very different world. Those, that is, who returned at all.

On 1 January, the Financial Services Authority (FSA) banned sales commission on investment products as part of its Retail Distribution Review (RDR). In the run-up to RDR, banks and insurance companies in particular had cut thousands of adviser jobs, especially for small and mid-sized portfolios.

Providers of less mainstream investment products feared the resulting 'advice gap' would cause a complete rout of their sector. And so it was for structured products. Between 2010 and 2021 UK retail tranche issuance fell from 932 structured products annually to a fairly consistent ~500. Associated sales fell, albeit more slowly, from £11.7 billion to £933m.

But was the roughly 30% fall in sales between 2010 and 2021, and the steeper fall in issuance, simply preparation for the ban? Market participants differ in their emphases, but all put the commission ban in its wider economic and regulatory context.

"The attitude that the FCA took towards structured products, then the ombudsman and so on, and PI insurance costs going

through the roof, were major problems. But the real issue was RDR," IOAK MD David Stuff says.

"Behavioural psychology says even when people know there's commission payable, providing they don't have to pay the money they don't mind so much. When they have to write out a cheque, that's a huge problem for them."

By way of example, "We said to someone, are you better off buying something for 99 and a half and I'll invoice you for the half a per cent? (I seem to remember it maximised their ISA investment.) They said, 'No, I'll pay 100; you can invoice the bank directly'."

Clive Moore, MD at product developer and distributor Idad, lays less emphasis on the ban than on falling rates and the bull market in equities. Global head of structured products at Tempo Structured Products Chris Taylor adds in, "high street banks and building societies and major execution-only brokers stepping back from advising on or selling structured products."

And while Ian Lowes, MD at advice firm Lowes Financial Management, agrees the commission ban had a detrimental effect, he says, "I don't think it played a

significant role in reducing popularity... Add other regulatory matters, a reluctance of some professional indemnity (PI) insurers to provide cover and an unwillingness of many intermediaries to challenge pre-conceived ideas, and it's no wonder the sector hasn't grown."

THE WORST OF TIMES

The then FSA began its RDR in 2006 in response to "significant problems" in the distribution of retail financial products. It told UK parliament in February 2011 a new advice model was needed because Britain did not have the necessary cohort of trustworthy and professionally minded advisers to prevent mis-selling.

That regulatory unease had long been skewed towards structured products for reasons beginning with their 'complexity' and ending in scandal and loss. A key event was the furore around 'precipice bonds', associated with mass-marketing IFA Richard Temple in the 1990s, though also sold in volume on the high street – with advice. The geared downsides (beyond a trigger point) of these enhanced-income products wiped out the savings of thousands of investors in the 2000 stock-market crash.

Structured products came under intense scrutiny. Angry campaigners forced the



“

We use structured products as short-term tactical tools

Clive Moore, MD, **Idad**



“

The real issue was the Retail Distribution Review (RDR)

David Stuff, MD, IOAK

FSA to act. Prominent advisers went into administration. Banks and building societies were fined. In an apparent show of encouragement, the ombudsman offered consumers a claims template. Regulators scrutinised sales literature for both advised and non-advised sales. The relationship between provider and distributor was investigated.

Professional indemnity premiums also shot up, where cover was available at all. Iad's Moore says PI was “probably” a key event in falling retail structured product sales, and still restricts activity today: “One adviser I know has to limit the structured products he sells based on the capital he can put towards his PI excess.”

The issues stirred up by precipice bonds were still extant when the FSA opened RDR. Then came the 2007-8 financial crash and the collapse of prominent UK structured products counterparty Lehman Brothers. Then a thematic regulatory review. And another interrogation of marketing terms including the word ‘guarantee’.

“Lehmans and associated publicity didn't help much,” says Moore, “But it probably had more of an effect on IFA attitudes than anything. They were very nervous of pitching something that could taint them in their clients' eyes.”

The tiny structured products lobby struggled to counter these negative attitudes. For its part, the (richer, louder) mutual fund industry seemed to declare war on structured products.

Importantly, RDR also coincided with a sustained low interest rate environment

and an equity market offering great returns with low perceived risk.

“The significant drop in funding levels made the terms on offer immediately after the ban almost identical to pre-ban products, despite no commission being included,” Lowes says. This, he says, “undoubtedly played a part in reducing volumes.”

Moore agrees, adding, “I think some advisers didn't understand that, which didn't help.” A bigger issue, though, was the “lagging expectations” of IFAs and investors.

“Eight per cent a year on an autocall didn't look great if they were getting five from the building society – it took people a while to realise the building society was actually only giving them one per cent,” says Moore.

These factors combined to cause providers to withdraw or reduce their retail activity, particularly the banks offering products through their retail networks. While most advisers retreated after RDR, a few “fantastic advocates,” as Stuff labels them, were “sturdy enough” to carry on. Their clients benefited from strong performance, he says, as demonstrated by the 14-year returns of his autocall index.

FUTURE-PROOF

Solid returns notwithstanding, the small industry was unable to keep up as financial services shifted towards managed portfolios and advanced technologically. As Stuff explains, “RDR turned every IFA into a wealth manager,” and structured products don't fit easily into a managed portfolio. And in any case, he adds, “Most

wealth managers are not keen to revisit the battles they waged over structured products a decade ago.”

As for technology, retail structured products are still predominantly transacted on paper and portfolio monitoring systems are scarce beyond the proprietary solutions of larger intermediaries.

Meanwhile, did the ban reduce product cost? Did it end commission?

“When commission was banned it was pretty much 3% across the board. The adviser charging that replaced it was broadly 3%,” says Lowes. That came as a shock to Moore when he revisited the retail structured products market a couple of years ago. “I was expecting maybe £250, or at least a sterling amount rather than a percentage,” he says.

And ‘free’ execution-only services are not always transparent about the fees manufacturers pay them.

But let's end on a high. UK retail market participants say the industry has made up in quality in the last decade what it has lacked in quantity. Tempo's Taylor calls market consolidation a, “positive for the sector, in terms of the calibre of providers and products.”

Regulatory attention has also had some positive results. One long-standing industry exec says the thematic review, for example, clarified, “what ‘good’ looked like”. Product offerings have generally become, “much cleaner and more client-centric,” adds Lowes. He concludes, “I vehemently believe that the sector is one of the best secrets of the retail investment universe.”

Eusipa: complexity is ill-suited as a regulatory concept

The European structured products association believes the SFDR is adding another layer of disclosure that does not clarify how to apply the ESG quantification requirements and the method for packaged products.

//



“

We have found a way to handle the rules

On 25 July, the European Sustainable Finance Disclosures (SFDR) Level 2 Regulation was published in the Official Journal of the European Union - the Delegated Regulation adopts Level 2 regulation on the SFDR, which enters into force on 1 January 2023.

The Delegated Regulation provides a standardised framework for compliance with the disclosure duties set out in SFDR and provides standardised templates to enable ‘greater comparability between entities’.

The disclosure requirements incorporated include the publication of a statement on principal adverse impacts on sustainability factors; pre-contractual, periodic and website disclosure about financial products that promote environmental or social characteristics, or a combination of both (light green) or that have sustainable investments as its objective (dark green); and the factors that must be taken into

account for compliance with the principle of do no significant harm, which must be observed if a financial product is to be considered as having sustainable investments as its objective (dark green).

SRP spoke to Thomas Wulf (pictured), secretary general at the European Structured Investment Products Association (Eusipa) about the discussions around the SFDR on the association’s agenda and the industry’s view on the new rules.

“There are two levels of discussion as far as ESG products are concerned,” said Wulf. “One is the question of taxonomy – how you establish the ESG credentials of a product when looking at the many evaluation parameters, often with a national slant, such as exclusion thresholds, permissible sectors and so on.

“The other, and the one currently under discussion at the Eusipa level, is how methodologically you assess a

structured product and its components from an ESG perspective – where to look, and what to look at.”

The structured products industry is of the view that this is an evolving debate, which requires a lot of fundamental insight into how balance sheets, and indeed whether specific components (such as derivatives used for hedging purposes), can contribute to ESG targets.

“We are working at high speed on this issue and will be giving guidance to our members in the coming weeks,” said Wulf.

What is Eusipa’s preferred model when it comes to ESG disclosure?

Thomas Wulf: We are mapping out the approach taken in different countries and the different variations and hope to provide an overview to our membership by the end of August.

We are not looking at this stage at a Eusipa-

preferred model, but at the various models prevalent in the different national markets. We don't think there will be a one size fits all solution, so we are tracking and mapping the existing framework to understand the different national approaches.

National association's like the DDV have already created standards for structured securities with sustainability characteristics and objectives. Can those standards be implemented at European level?

Thomas Wulf: The approach taken seems well suited to the local market and practically feasible. The work they have done is in line with EU regulation, and it could be suitable for other countries. On a broader scale, and not only with regard to Germany, we still need to see whether Esma will take a view on the feasibility of any of the chosen methodologies. We don't know this yet. Neither do we know what the national authorities will accept or not, despite many inquiries having been made.

We occasionally have indications in terms of what national regulators would (not) want to see, but we do not know their exact position on structured products and the ESG assessment under the various MIFID variations set out in the famous Delegate Act, rules 7a to 7c. By and large, we have so far been left to our own devices in interpreting the different requirements.

What are the main challenges for issuers of ESG structured products when applying the new duties?

Thomas Wulf: The problem is the specific

application of the rules. The rules do not clarify how to apply the ESG quantification requirements and the method for packaged products.

The industry is testing various methodologies, some of which would put the emphasis on each component of the structure of a packaged product. Others would use a pool of "green" assets, established somewhat independently of the proceeds of the sale of the structured product but held (as are the proceeds) on the general balance sheet of the issuer.

The issues are all rooted in the fact that neither the regulation nor individual regulators give any indication of how packaged products are to be dealt with. Esma has acknowledged this in a recent questionnaire on product governance probing to what extent the market itself would be interested in further guidance.

Are there any concerns with the overlapping of the different regulations when it comes to disclosure?

Thomas Wulf: From our perspective, we think it fair to say that we have found a way to handle the new rules and to apply the new requirements to our products. We don't think new regulation is needed, but if it comes we'd rather have sensible guidance than unconstructive guidance.

Insofar as disclosure is concerned, SFDR is adding another layer of disclosure to Priips, that is for sure. We are worried in particular about the interlinkage of the different disclosure layers – how to communicate ESG information in the Priips KID, how to link it to the information in the prospectus, and how to ensure that

this information is consistent across the various information layers that also include further pieces such as marketing material. The EU's Retail Investment Strategy (RIS), currently being worked at and expected by the end of Q1 2023, may ultimately deliver a solution to that dilemma, but actually it is not meant to focus on ESG.

Is there a danger of defeating the purpose of providing clear and concise information to investors as disclosure complexity increases?

Thomas Wulf: The challenge of properly handling the communication of product-related ESG aspects is actually evidence to our claim that complexity is ill-suited as a regulatory concept.

Unfortunately, though, some recent EU Commission and Esma consultation papers have focused on reviewing the Mifid complexity regime from a legal perspective. We will critically review how these aspects (ESG features in light of product complexity rules) are dealt with in the drafts of the already mentioned Retail Investment Strategy (RIS).

What other items are on Eusipa's agenda for this year?

Thomas Wulf: Eusipa is also busy preparing its members for the enforcement of Priips RTS Vs 2 in January 2023. We have the first results from our working groups and have identified numerous highly technical aspects where we discussed and agreed an implementation approach that meets market needs, which obviously includes investor interests. It is fair to expect more work on this front as issues will emerge as soon as the rules "go live".

“

There are two levels of discussion as far as ESG products are concerned

MSCI: the market has shown resilience in a tough environment

The index provider is seeking to expand its footprint in the structured products market with new topical strategies and the use of technology and artificial intelligence to deliver new sources of return.



“
We see interest for rotation strategies

MSCI has placed one of its ESG indices among the top three sustainable underlyings in the structured products market in terms of sales – the MSCI World Climate Change ESG Select 4.5% Decrement EUR Index has appeared in more than 630 products worth US\$1.2 billion in 2022 and now features in more than 2,500 products worth an estimated US\$2.9 billion.

SRP spoke to Stephane Mattattia (pictured), managing director, head of index products for Europe, Middle East and Africa and global thematic index products at MSCI, about offer and demand, trends in indexing and new areas of growth where index providers can bring value to investors in structured products.

In general, if you think about activity in 2022, the structured products market has been very active and, on our side, we have seen a lot of requests which have kept us busy. This was not a given when you consider the macro economic environment, but my impression is that the market has really shown resilience. The environment is tough because most indexes are below their highest level, which means that a high number of products will not get recalled, but issuers have remained active.

Inflation, high vol and increasing interest rates remain hot topics and have been key drivers of activity in the market. High

interest rates are triggering renewed appetite for products with capital protection, and issuers have more room to price the options on zero coupon plus call type of products.

This will bring some diversification as for the past two years, as most of the market was focused on autocalls and relatively high volatility indexes. With this new window opening again for call options, we see some interest again on low volatility and high dividend indexes. The new environment could also have an impact on decrement and a shift towards high div especially considering that the high div market has done relatively well.

DEMAND

There are three areas where we continue to see demand.

Thematic indexes remain very popular. In Europe, ESG and climate indexes are leading the way. We see a lot of interest on themes linked to some environmental concerns like water or biodiversity. In the US, our strongest performing index this year is the MSCI USA Metaverse Index. Despite the market turmoil around crypto assets, the theme remains very appealing. In Apac, which used to be very tech driven until the selloff of tech stocks in China in the recent months, we see some repositioning towards the same kind of exposures as in Europe.

The second driver is clearly an interest on inflation indexes. We have created the first index focusing on stocks that are sensitive to US inflation. This index is getting a lot of attention at a global level and we are getting requests from banks, ETF providers and asset owners in the US, Europe, and Apac. We are finalising the Euro version of this index and we are starting to consider also an Apac version. This kind of macro-economic and evergreen indexes that are resilient to bearish market environments are going to be in focus as investors seek yield.

Factor and sector rotation have been popular in recent years and we see interest for rotation strategies. The 2009 to 2019 period was an abnormally long business cycle, but now we are back to a normal cycle where the economy goes through stagflation, expansion and recession. This is forcing investors to look at strategies that can deliver throughout the different stages of the cycle. We see a lot of correction on thematic rotation typically, and we see also a lot of interest on country rotation based on global macro signals.

The third area of interest is around indexes that are based on big data, and smart signals. We are partnering with different Fintech firms to develop new indexes. Big data, machine learning and artificial intelligence are opening a lot of gates because they have reached a level of maturity that allows the use of signals based on granular data for allocation and selection of stocks.

USE CASE

If you take our inflation index, the underlying universe is based on the observation of the intensity of inflation as a theme in the news as measured by our data partner MKT MediaStats. The concept is that if you want to run some correlation between a company's stocks, and maybe inflation levels, these correlations are meaningful when inflation is a hot topic in the market but when no one is concerned about inflation, it is meaningless to run the correlation between your stocks and gold and oil, for instance, which are usual drivers of inflation, because simply this correlation won't mean anything as the market simply does not think about inflation.

However, if you focus your correlation periods over a period where inflation is a hot topic, then you create a basket which is much more correlated to CPI than if you were running standout correlation. From this you can build rotation between inflation sensitive and inflation non-sensitive indexes.

We have also developed a thematic rotation index based on our full range of about 20 thematic indexes. MKT MediaStats measures the intensity of each of these thematic in the news, and the index gets invested into the four most popular themes. This kind of index is aimed at investors that are not comfortable choosing a theme for five or 10 years, as the index will invest in the most popular themes.

We are also working with QuantCube, a quant technology fintech to develop indexes using real time global macro indicators i.e. economic growth of the job market or inflation. In the past you

could only do a rotation once every three months whereas now you can get real time estimations, you can be much more reactive and have a much more efficient market allocation. Based on these signals, you can decide if you want to rotate from one asset class to another, from one sector to another, or from one country to another.

QIS CROSSOVER

We have QIS desks from investment banks coming to us and wanting to buy the signals we develop to deploy them in their own strategies. QIS continues to grow and as the availability and quality of data increases, we see more demand for our data. Traditionally we have sold issuers ESG data, but now we have created our set of thematic scores, which gives a score to each company in relation to any mega trend. QIS desks have shown interest in this kind of data.

We have seen a similar demand with inflation. We are being approached by QIS desks that have developed their own global macro QIS index, which is computing tonnes of signal, but want to use the inflation signals we have developed. There is an increasing demand for quality data to develop indexes and we can also deliver this to our clients.

Part of our growth strategy is to partner with data providers that we think will bring added value to the indexes and services we deliver to our clients.

INFLATION

Inflation is a tricky topic because the first reaction when you talk about inflation people get fixed in terms of sectors. The MXUSINFL is an index of 100 American stocks sensitive to inflation sentiment, that has recently outperformed its parent index, which means that it works. Historically, financial companies have not done well in an inflationary environment but getting out of negative interest rates is good for banks which have also suffered from this environment of negative of zero rates.

The interesting aspect now is that we can use AI to develop strategies beyond sectors to capture those signals, whereas if we had kept a more traditional approach simply looking at sectors which historically have reacted well to inflation, typically we would have missed the switch of financial behaviour.

CRYPTOS

We are working on delivering some crypto and digital asset indexes. We still see some appetite on digital assets. The market correction has only hurt so far investors that wanted to invest a little bit in cryptocurrency, a lot of them are saying maybe that will be a better entry point. It's not necessarily a bad thing for the market to get rid of some of the tokens which were not the most robust. So we clearly see here an interest and indeed we are still positioning ourselves to produce such indexes. I think that there is a long way to go in that process, but we'll create those indexes and there will be real structural product on it and most probably that will start with delta one. But we still see some interest in crypto assets despite in this correction.

German association updates sustainability code for structured securities

DDV has published a revised version of its sustainability standards for structured securities.

//



“Sustainable finance will take several years to evolve”

The German derivatives association - Deutscher Derivate Verband (DDV), have agreed on a revised, expanded edition of the DDV Sustainability Code of Conduct, to incorporate statutory provisions for sustainable finance that have changed since the association's guidelines were published in April 2021.

The new DDV Sustainability Code of Conduct reflects the amended statutory requirements and sets out a new optional model called the Sustainable Asset Pool, which is aimed at meeting specific investor needs under very detailed conditions for structured securities.

“We believe that the regulatory and supervisory framework for sustainable finance will take several more years to evolve and that political and societal priorities are currently being reassessed. Even if the environment is dynamic and complex, our objective remains to offer investors a range of structured securities based on standardised products that meet their sustainability objectives,” said Dr Henning Bergmann (pictured), the DDV's managing director.

The DDV's new Sustainability Code of Conduct is based on the revised target market model for the financial sector in Germany.

The target market model was conceived jointly by the German Banking Industry Committee (Deutsche Kreditwirtschaft – DK), the German Investment and Asset Management Association (Bundesverband Investment und Asset Management – BVI) and the DDV.

In line with European regulatory requirements, it subdivides securities with sustainability characteristics into three categories including impact-related ecological investments within the meaning of the EU Taxonomy Regulation; products with a sustainability-related impact as specified in the Sustainable Finance Disclosure Regulation (SFDR); and products that exclude certain adverse environmental and social impacts (Principle of Adverse Impacts – PAI).

Structured securities can contribute towards sustainability either through the issuer's business operations or – and this is new – by allocating the issue proceeds to projects or investments with certain sustainability characteristics, which constitute the Sustainable Asset Pool.

Issuers in this pool ensure that they will hold assets that generate ecology- or sustainability-related impacts or that avoid adverse environmental and social impacts (PAI) – at the

very least in the amount of the issue volume and over the term of the structured security concerned. In this way, the investors' funds will be linked with financing for business operations that generate ecology- or sustainability-related impacts or avoid adverse environmental and social impacts (PAI).

These assets will be reported separately from the issuer's other assets on the balance sheet and the pool will be regularly reviewed. Issuers who apply the DDV's Sustainability Code of Conduct commit themselves to comply with the Code when they publicly offer structured securities with sustainability characteristics to private investors in Germany.

Why is the DDV's main concern in relation to the application of sustainability standards for structured securities?

Henning Bergmann: The DDV supports the shift towards greater sustainability. It is therefore important for us to create up-to-date standards for structured securities with sustainability characteristics and objectives, thereby making a contribution to sustainable finance. Our goal is to ensure that structured securities are part of the sustainable finance framework and that a variety of sustainable structured products are available to private investors for their individual investment strategies. The DDV Sustainable Finance Code of Conduct aims to provide transparency and reliability for sustainable investment in structured products, and thus create trust in the market.

The structured products industry and the DDV are clearly committed to the transformation of our economy and society towards greater sustainability and climate protection. It is one of the great tasks of our time, and both the EU and German policymakers rightly have this issue on their agenda.

Do you think the SFDR is adding a layer of complexity when it comes to disclosure? What are the challenges/issues when it comes to the overlapping

between rules (PRIIPS, Mifid 2, SFDR) – is regulation becoming too complex?

Henning Bergmann: The transparency requirements under the SFDR apply only to part of the MiFID II and PRIIP product universe. As a result, the SFDR does not sufficiently reflect the typical features of financial instruments that do not qualify as financial products as defined in the SFDR. Instead, it is very much oriented towards UCITS, AIFs, and insurance products – with SSIPs, green bonds, and other non-SFDR products being side-lined. Only a comprehensive and well-balanced set of sustainability disclosures encompassing the full range of financial instruments as defined in MiFID II, taking into account their respective specificities, will serve both investors' needs and the overarching goal of reorienting private capital flows towards a more sustainable economy.

In addition, the differing definitions of sustainability according to MiFID II and the Disclosure Regulation make investment decisions for retail investors more complicated. A harmonisation of these definitions would be more than welcome.

Do you think the DDV standards could be applied to other markets?

Henning Bergmann: The DDV standards are intended for German structured securities and drafted on the basis of the German Target Market concept. As such, they reflect the regulatory situation and distribution needs in the German market. However, we hope that the DDV code can also help to establish structured securities in other markets, according to EU standards.

Similar reflection is on its way in other EU Member States and beyond, and the DDV is in constant dialogue with its European counterparts, in particular the Austrian and French associations. The exchange of ideas and practices, as has taken place with regard to the Sustainable Asset Pool, will hopefully form the foundation for solutions that contribute to the promotion of sustainable finance in the area of structured securities.

“

Our objective remains to offer standardised products that meet their sustainability goals

Marex Italy: European barriers have made products more attractive

Marex's financial products subsidiary decision to launch a public offering certificates programme in the Italian market is starting to pay off as demand for issuer diversification increases.

//



“
Technology has proven to be a key differentiator

Marex Financial Products, the non-banking investment grade rated issuer, entered the Italian retail market in mid-March with a certificate range targeted at financial advisors, private banks, family offices, and asset and wealth managers.

The issuer has now launched more than 50 structures with volumes exceeding its own expectations and “continued growing momentum with a promising outlook”.

“Considering the challenging market environment, we think it is a very good start,” said Antonio Manfre (pictured), business development manager at Marex Financial Products.

“Our aim is to become a leading player in the Italian market by leveraging our technology and expertise as an independent issuer with the support of Marex, a diversified global financial services platform, in a market mainly dominated by traditional investment banks.”

MARKET EDGE

As a new kid in the block, Marex's plans are ambitious and

aimed at growing significantly its share in a market dominated by a handful of players including Intesa Sanpaolo, Unicredit, BNP Paribas, Mediobanca and Societe Generale.

“We believe that our product innovation and the speed and flexibility by which we create and are able to list tailor-made solutions for our clients is what sets us apart,” said Manfre.

“Our goal is to provide unprecedented excellence in customer service as we have our clients at the centre of our product offering.”

The expertise of the company's dedicated team which includes former Exane executive Carlo Siriani and Guido Clemente, and its knowledge of the Italian domestic market has put Marex in a good position to grow its footprint and “bring the value our investors seek”, according to Manfre.

Last, but not least, the firm's technology set up has proven to be a key component and differentiator of Marex's offering.

“Our issuance platform Agile permits us to be reactive to

“

The return of capital protected notes can be seen as innovative

market movements in a very fast-moving macro financial environment, which translates into being able to create and list an investment certificate within two business days,” said Manfre.

“We offer a high-quality service to our clients covering the complete ‘innovation to market’ process from pre-issuance to post-trade.”

According to Manfre, although volumes have diminished recently across Europe due to the current economic and geopolitical context, demand for yield enhancement products remains high and we have seen some momentum for capital protected products.

“Despite market challenges, demand for investment certificates persists and we are looking to leverage this in the Italian market as part of [our] growth strategy,” he said.

Marex’s target market in Italy is the broad wealth management sector which includes independent financial advisors as well as advisors linked to the traditional banking sector.

The firm, however, is also looking to partner with other distributors, as well as leveraging its direct market making capabilities on the listed market without using intermediaries to raise its visibility in the Italian market.

“We aim to continue to serve the listing channel directly as well as the distribution channel with high-quality products and service,” Manfre said.

The majority of the products Marex has issued in Italy include Phoenix structures as well as traditional autocallables with fixed coupons, which are known as cash collect in Italy, and recovery products.

MARKET OUTLOOK

With interest rates going up, the issuer expects a revival of the offer/demand for capital protected products.

Offering unconditional capital protection to Italian investors

was always part of Marex’s strategy and the current environment has accelerated its implementation.

“Structuring capital protected certificates is a lot cheaper due to the rates increase and provide an efficient and safe way to access the market,” said Manfre. “The return of capital protected notes can be seen as innovative after so many years without them.”

From an asset allocation point of view, participation products can be re-introduced to sit alongside yield enhancement structures, according to Manfre.

“We think these will continue to drive most of the activity because the real yields are still low and offer the possibility of double-digit yields as well as better performance compared to bond investments, whilst being protected against a downside move of the market,” he said.

“At times of market uncertainty, structured investment products can deliver a lot of value to investment portfolios, and investor interest remains.”

Manfre expects structured products to continue growing in numbers and volume as they cater for the needs of retail investors with different goals and needs.

“Investors are comfortable investing on a three- and five-year term and the European barriers have made the products much more attractive compared to the direct exposure of the underlyings as they have lower volatility and more resilience on the downside,” said Manfre. “From a yield perspective, these certificates are also offering competitive returns compared to other assets and investors have a higher awareness of it.”

Crypto News

All the latest developments in digital assets from across the globe

Leonteq rolls out new crypto index family, adds four to crypto range



Leonteq has launched the Leonteq Bitcoin Lock-In 80% Index, a new index seeking to manage the risk of loss when investing in crypto assets by keeping approximately 80% of the one-year historical index peak in a cash reserve, while the rest is invested in bitcoin.

LIXX as index administrator monitors the allocation daily and adjusts the weightings to cash reserve and bitcoin if new index peaks are recorded. To avoid excessive trading and the costs associated with it, the cash reserve is only adjusted if the required rebalancing exceeds one percent of the current index level.

"The index concept is a response to recent market developments and was specifically designed for risk-averse investors," Tino Wendisch (pictured), head crypto offering, Leonteq, told SRP. "Investing in crypto assets can be painful at times and this novel concept assists in managing the risk of loss.

"This index concept is a toolbox for customising risk exposure to a volatile asset class and it provides an additional investment option for investors."

According to Wendisch, a look at the price trend of the oldest and currently largest crypto asset shows that a protective mechanism against high losses can make perfect sense.

Bitcoin fell from its high of approx. US\$67K (Nov 2021) to about US\$21K (Aug 2022) – a decline of almost 69% in less than a year. The Leonteq Bitcoin Lock-In 80% Index seeks to limit the maximum risk of loss over a one-year period to approximately 20%.

"However, there may be several consecutive one-year loss periods, so that index losses of more than 20% are possible over several years," he said, adding that while the index only dynamically invests a portion of its funds in bitcoin, foregoing potential gains, it has historically achieved a significantly better risk-reward ratio than a direct investment in the cryptocurrency.

"The index concept can be tailored to an asset manager's individual risk tolerance. Asset managers can exchange the crypto asset and also decide on the cash reserve portion in order to create a more aggressive or defensive index solution. Leonteq calculates the index based on the asset manager's requirements and creates an investable product for the asset manager."

Additionally, Leonteq has expanded its range of crypto linked certificates with the addition of another four crypto assets including apecoin, chiliz, decentraland and enjin coin which brings the offering to a total of 30 crypto assets on its platform.

Leonteq has pioneered the offering of structured products linked to the performance of crypto assets in Switzerland since 2017 and is behind several firsts in the structured products market including the world's first listed short tracker certificate on bitcoin, the first exchange traded actively managed strategy linked to the Swissquote Multi Crypto Active Index, the world's first reverse convertible on bitcoin and the first publicly offered Ether-linked reverse convertible.

Marex to offer crypto-linked notes via Luma



Luma has partnered with Marex to enable financial advisors to tailor their cryptocurrency-linked notes on assets such as bitcoin and ethereum through the platforms Creation Hub Module.

Luma's Creation Hub is an automated request for quote (RFQ) functionality aimed at simplifying the process

for constructing and modifying custom deals through a customisable workflow that connects advisors directly to the pool of issuers onboarded at Luma.

"We have enabled some crypto linked products on Luma for Latam clients and we are supporting Marex to share these with client advisors covering Latin America," David Wood (pictured), managing director of Luma's International Business, told SRP. "Users have access to the products along with pricing provided by Marex, and then Luma will manage

the lifecycle of the products. We are just making it a bit easier to access, and everything sits alongside the advisors other structured products in their portfolio."

In the US, Marex transacts in RegS notes which regulate the sale of structured notes in non-US jurisdictions as opposed to a US registered shelf or exempt bank note programme.

The non-banking issuer of structured products joined Luma in December 2021 to capitalise on the multi-issuer platform's client base to expand its reach. Marex Financial Products' structured notes business in the US is headed by Sebastian Lutz, head of financial products, equity derivative sales, North America, in New York.

Lutz joined Marex in April 2021 from Société Générale Corporate and Investment Banking - SGCIB where he had a one-year stint as a director. He joined the French bank as part of the Commerzbank where he was head of equity derivatives and commodities institutional sales North America.

Eqonex bolsters asset management business



Digital assets financial services company Eqonex has announced two appointments to its asset management business with responsibility for the company's flagship Bletchley Park Multi-Strategy Fund.

Simon Goodman will join as the chief investment officer, while Benjamin

Nudel has been appointed as the head of investment research. Both Goodman and Nudel will be based in London and report to Frank Copplestone, Eqonex head of asset management.

Goodman will also take a seat on the fund manager's investment committee. Goodman most recently, he co-founded PSG Digital, a cryptocurrency-focused investment firm with operations in London and New York, and Peregrine, a next-generation blockchain digital asset allocator.

Prior to joining the digital asset industry in 2016, Nudel spent nine years in investment banking, holding roles with HSBC, Société Générale and BNP Paribas.

The new hires follow the recent appointments of Nick Cogswell (pictured) to head of sales, Asset Management in London and Franklin Heng to head of asset management Asia, based in Hong Kong.

Eqonex Asset Management has two business lines including

investment products, and the fund. The Investment Products business recently received prospectus approval from Germany's Federal Financial Supervisory Authority (BaFin) which resulted in the launch of the Eqonex Bitcoin Exchange-Traded Note (ETN) on the Deutsche Börse Xetra Exchange in July 2022.

Eqonex has also announced the launch of a structured products business that will offer professional investors and institutions exposure to bespoke crypto investments.

US SEC to treat cryptos like the rest of the capital markets



There is no compelling reason to treat the crypto market differently to other capital markets sectors because 'it utilizes an alternate innovation', according to the US Securities Exchange Commission (SEC) chairman Gary Gensler (pictured).

In an op-ed piece published by the Wall Street Journal, Gensler said that the SEC will act as the 'cop on the beat' to protect investors and will continue to enforce securities laws when new technologies come along.

'There's no reason to treat the crypto market differently from the rest of the capital markets just because it uses a different technology,' he wrote.

Gensler noted that recent market events show why it is critical that crypto firms comply with securities laws.

'It doesn't matter what kind of asset an investor puts into a crypto app — cash, gold, bitcoin, chinchillas or anything else; it's what the crypto platform does that determines what protections are provided by the law,' Gensler wrote.

'Investors benefit from knowing what stands behind the crypto firm's claims that it will provide a certain return. Disclosure helps the investor understand what is being done with his or her assets.'

According to Gensler, crypto platforms can't avoid complying with 'time-tested investor protections by sticking a label on the product or on the promised benefits, whether it's called a lending platform, a crypto exchange or a decentralized finance platform'.

Noncompliance isn't the inevitable result of the crypto business model or underlying crypto technology. Rather, it is as if these platforms are saying they have a choice — or even worse, saying "Catch us if you can", Gensler noted.

Hashdex receives European approval



Hashdex received permission to list its exchange-traded products (ETPs) in the European Union following the approval of its European Base Prospectus filed with the Swedish Financial Supervisory Authority (SFS) earlier in May.

The approval will support the company's efforts to expand its product suite of digital-asset strategies in the European Union.

'Hashdex is working closely with the relevant services providers, including exchanges, to list its family of ETPs in the European Union and ensure that they are readily available to investors in their local markets and through local platforms,' said head of new markets Bruno Sousa (pictured).

Hashdex entered the European market in May 2022 with the launch of its first European product, the Hashdex Nasdaq Crypto Index Europe ETP on the Six Swiss Exchange, 'which has seen relevant net inflows since its listing despite challenging market conditions'.

Hashdex has listed six new products globally year to date.

Samsung to launch crypto exchange in South Korea next year

Samsung Securities is taking a second attempt at launching its own cryptocurrency platform, with its initial plans reportedly thwarted by a lack of key talent, South Korean media reported on Monday.

Samsung's investment arm is one of seven domestic brokerages looking to start operating a crypto exchange in the first half of next year. Talks with local authorities over securing licensing are said to be in advanced stages, according to media reports.

Previous attempts to launch the exchange were stalled last year when the business was reportedly unable to hire the right professionals to run it.

Samsung Securities is also reportedly conducting a study on how best to enter the blockchain business and keep pace with developments in the digital asset industry.

Earlier this month, Samsung Securities was one of three financial institutions in South Korea to partner with the country's largest exchange, Bithumb, enabling customers to check the status of crypto investments through Samsung's own app.

Samsung Securities was the first to launch a global blockchain exchange-traded fund (ETF) in Asia.

Mirae Asset Securities and five other domestic companies are also planning to launch their own platforms.

TDX Strategies launches worst-of fixed coupon contract



The Hong Kong-based digital assets platform and liquidity provider has executed a fixed coupon contract with a European worst-of option on Bitcoin and Ethereum.

The two cryptocurrencies featured a spot price of 24,352 USD Coin (USDC) and 1,876.4 USDC, respectively, on 11 August. The strike price is set at 80% of the spot price for the product, which had USDC 1m traded notional.

"Given the strong market rebound from the June lows, especially in ETH as the highly-anticipated merge draws nearer, we are seeing growing interest from our clients to add to their digital asset exposure, albeit at lower levels," Dick Lo (pictured), CEO of TDX Strategies told SRP.

"The FCN [fixed coupon note] structure offers an attractive absolute coupon of 2.5% over a one-month tenor, and the potential to acquire either BTC or ETH at a 20% discount to the current spot price – which equates to under US\$20,000 on BTC and approximately US\$1,500 on ETH – levels at which clients are happy to gain physical exposure," he said.

BXM Link receives membership confirmation



The brokerage subsidiary of Bitmex Group has received membership confirmation from the Financial Services Standards Association (VQF), a Swiss self-regulatory organisation officially recognised by the Federal Financial Market Supervisory Authority (Finma).

The VQF membership granted to BXM Link, which will be completely finalised soon after a few final regular checks, validates that it is operating in line with Swiss anti-money laundering requirements and represents a key step as Bitmex seeks to become regulated in key jurisdictions.

around the world. Moreover, it signals the launch of Bitmex Link activities in the region, after the establishment of the company's first European office in Zurich at the beginning of 2022.

'Switzerland is building an impressive crypto ecosystem with all the hallmarks of an attractive destination for companies like ours that are growing and innovating responsibly,' said Alexander Höptner (pictured), CEO of Bitmex and founder of BXM Operations.

Bluefin pushes crypto ETP business in Europe

The London-based proprietary trading firm is pivoting to crypto exchange-traded product (ETP) trading despite announcing plans to close its European ETF business earlier this year. The move aims to concentrate on digital asset trading.

"On 26 January, a decision by the company was made to close the fixed income market making business and focus on crypto and ETFs," said Bluefin, reported by ETF Stream.

As part of the push, Bluefin has appointed two partners, Jonte Baron and David Little, to run the crypto venture. Baron joins from GHCO where he has spent the last nine years as a trader specialising in emerging market ETFs. Little previously worked as a trader at Bluefin Europe between March and December 2010.

He joins having left HSBC Investment Bank in 2018 where he spent over seven years, most recently as a director in equity derivatives trading. Little also held roles at Wells Fargo and Bear Stearns.

Orbit Markets unveils impermanent loss protection



The Singapore-based institutional liquidity provider in digital asset options and structured products on 4 September launched an impermanent loss protection product. The option-based product provides full and exact protection against the volatility exposure associated with liquidity provision on certain decentralised

exchanges, a risk known to DeFi users as impermanent loss.

A user pays an all-in fixed premium upfront before being fully

reimbursed for the actual losses at expiry, thus impermanent loss risks are transferred from the user to Orbit Markets.

Having executed several transactions in this product linked to Bitcoin and Ethereum, the liquidity provider has expanded the underliers to include Solana, Avalanche, Polygon and Aave. The new launch comes following its execution of the first American barrier derivative on Bitcoin at Orbit Markets last month.

'Managing the impermanent loss exposure inherent to automated market-makers protocols is a critical challenge for many of our portfolio companies as well as our own liquid trading strategy,' said Balder Bomans (pictured), chief investment officer at Maven 11 Capital. 'When we first heard about Orbit's solution to this problem, we immediately saw the huge potential and value-add of their product to the DeFi ecosystem, and it was a key input in our decision to participate in their first fundraising round.'

Flynt releases 'high yield' leveraged BTC play

Singapore-based Flynt Finance has launched a platform for crypto structured products and its very own structured product strategy.

The BTC Covered Call Strategy x5 sells call options on a weekly basis and reinvests the premium earned into the following week. Based on the full three-year set of trading data from cryptocurrency options platform Deribit, the company derived a proprietary strike price selection algorithm that maximises returns and minimises the chance of taking a loss.

Flynt uses up to five times (5x) leverage on their strategies to both increase the returns as well as decrease the chance of taking a loss by selecting a further out-of-the-money (OTM) strike price. According to Flynt's backtesting, this resulted in an average APR of 47% (including losses) compared to the industry average of about 15% (not including losses).

'For most people, a non-leveraged covered call strategy should be just fine, but for those that would like to take more risk for higher returns should definitely give Flynt a try,' said David Seo, CEO of Flynt Finance.

Since 2021 there has been a rush to offer covered call strategies on various cryptocurrencies for the yield-hungry crypto investors.

'These strategies have been growing rapidly since their inception and have held up surprisingly well during the more recent downturn,' said Seo.

Commodity-linked structured products take center stage as next rally looms

As equity markets get choppy investors and issuers alike are looking at alternatives to diversify exposures and risk. *by Suzi Hampson – FVC*

//

Equity linked products make up the largest proportion of global structured product markets. However, other asset classes such as FX and Interest rates are represented and particularly popular in some markets. In this article we will focus on products linked to physical commodities.

Although this is an asset class that is less common in structured products it is worthy of analysis.

The US is the largest market for products linked to commodities with 240 live products, according to data from www.structuredretailproducts.com. The most frequently referenced commodity underlyings are Gold, Brent Crude Oil and Silver, WTI Crude Oil and Platinum. Commodity linked products tend to be linked to either a single underlying for targeted exposure or to a basket of many commodities. The most popular product types are very similar to those seen in equity markets.

In equity markets, income can be generated by choosing high dividend stocks. Reverse convertibles take this

Figure 1: Live structured products by asset classes

Asset Class	Product issuance	Sales volume
Equity	87.06%	47.26%
Hybrid	4.31%	5.51%
ETF	2.19%	1.07%
Interest Rate	2.12%	5.32%
Credit	1.46%	0.70%
FX Rates	1.08%	9.85%
Fund	0.97%	29.52%
Others	0.38%	0.11%
Commodities	0.27%	0.21%
Alternatives	0.07%	0.06%
Real Estate	0.05%	0.13%
Inflation	0.03%	0.27%

Source: StructuredRetailProducts.com

concept further by generating income from downside risk. For physical commodities however, there is no direct way to earn income, so structured products offer an opportunity to provide yield through the use of reverse convertibles or income autocalls.

For equity derivative pricing the forward price of an underlying is

determined by the risk-free rate minus the implied yield. This gives the expected level of the instrument over the relevant period under risk neutral pricing assumptions.

For commodities, the forward price is generally calculated directly from traded futures. Commodities often have steeply declining forward prices (known as “backwardation”). This has a big effect on the pricing and product terms that can be achieved.

As an example, Brent Crude Oil has a one year forward that is approximately 8.2% lower than the spot price. If we were to structure a product using this underlying it would be equivalent to using an equity with a dividend of 10.9%. This feature of commodity markets gives opportunities to structure attractive terms, and therefore strong product performance if the fundamentals are right.

Figure 2: Top regions for commodity linked products (16 Aug 2022)

Region	Issuance	Sales (US\$m)
USA	240	1,199.78
Switzerland	179	345.49
Brazil	84	153.96
Germany	83	216.92
China	57	685.58

Source: StructuredRetailProducts.com

A basket of commodities or a commodity-based index or ETF give investors broad access to the asset class. However, on occasion targeting individual commodity types makes sense on a tactical basis. The commodity sector has many popular indices. These include the Bloomberg commodity index and S&P GSCI index series across many individual commodities plus a flagship index.

The Bloomberg commodity index tracks the price of a basket of commodity futures. Structured products investors can invest in products linked to this index as an alternative to individual commodities or baskets. Products linked to this index tend to be trackers or protected growth products.

Data from the US structured product service Structrpro.com illustrates the use of commodity products. It can be used to analyze both live and matured products from the SRP database using analytics powered by FVC. Figure 3 shows a summary of the data available for the Bloomberg Commodity Index linked products alongside the whole Structrpro.com universe. The performance summary table gives a breakdown of

Figure 3: Performance summary for Bloomberg Commodity Index and the whole Structrpro.com universe.

	Bloomberg Commodity Index		Universe	
	Live	Matured	Live	Matured
% showing gain	81%	100%	37%	95%
% showing loss	19%	0	63%	5%
Return p.a.	10.23%	21.23%	0.89%	10.01%

Source: StructuredRetailProducts.com

product outcomes broken down into live and matured products.

Products linked to the Bloomberg Commodity Index are showing better than average returns for both live and matured products and a lower percentage of losses than the whole product universe. These results are underpinned by the fact that the index has been on an upward trend since March 2020 and that most products are protected or at-risk growth products. BCOM is up 34% in the last year compared to a fall in the S&P-500 of 5%.

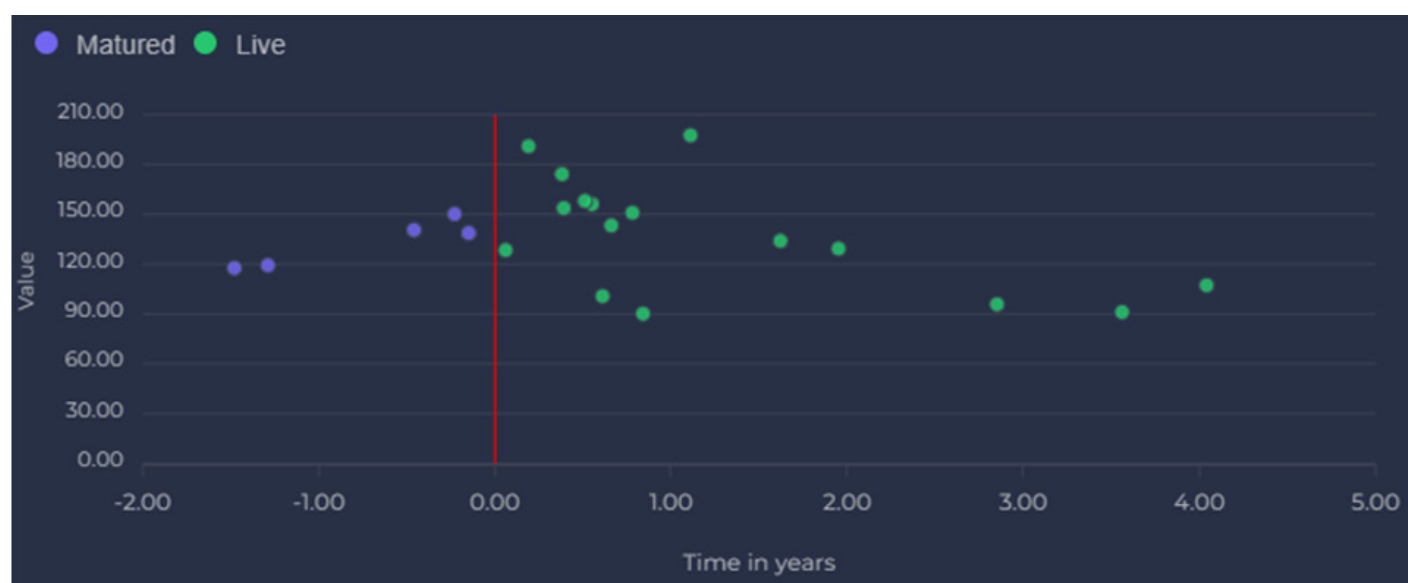
The scatter chart shows the payoff for products linked to this underlying for

both matured and live products. It gives a good visual representation of how a set of products are performing over time.

As well as the appeal of commodities in different cycles, low correlation with mainstream asset classes is an advantage of commodities as well as the ability to hedge against inflation particularly in cost driven inflation as the world has experienced sharply in recent months.

Therefore, investments linked to commodities with an appropriate level of protection to suit different investors are likely to grow in popularity while the asset class stays in focus.

Figure 4: Payoff scatter for matured and live products for the Bloomberg Commodity Index



Source: StructuredRetailProducts.com

Index v baskets

Many retail structured products are linked to a single equity index for direct exposure to a country, region or sector. *by Tim Mortimer – FVC*

— // —



Image: ipopba / AdobeStock

Many retail structured products are linked to a single equity index for direct exposure to a country, region or sector. Products linked to a single mainstream index such as the Eurostoxx 50, S&P 500, Nasdaq 100, Nikkei 225 and FTSE 100 are extremely common around the world and, in many cases, they are the natural choice for an investor's first or core structured product. Other indices such as the MSCI Emerging Markets Index make a good choice for diversification.

However sometimes a distributor might prefer to create and source a product linked to a custom created basket of stocks instead. Here we will examine the pros and cons of using an index versus a basket of stocks.

Other ways to issue equity linked structured products are to choose a single stock for a targeted choice or to use mechanisms such as worst-ofs to generate extra yield through the higher premium of increased downside risk.



Mainstream benchmark indices have built up familiarity and usage over many decades

The advantages of using an index are easy to list.

Mainstream benchmark indices have built up familiarity and usage over many decades. They are known to most investors and therefore their usage immediately reduces compliance risks which is important in many markets. Mainstream indices are very well supported by active futures and options markets. Additionally, banks have become very experienced at direct hedging of an index by dealing directly in the underlying stocks when this is preferable. This liquidity around the hedging instruments is very important. It reduces hedging costs and facilitates the issuance of longer dated products. This creation of the fundamental building blocks of structured products is the main reason for using a liquid index.

With the advent of exchange-traded funds (ETFs), a wider range of indices has been successfully turned into low-cost liquid investments providing a wealth of choices for the more sophisticated investor. In recent years, options and futures have also built up for some of the well-known ETFs. These are themselves traded versions of indices and can either act as a hedge or a direct alternative underlying.

However, the structured products market is not limited to index-based solutions. The major benchmark indices are so well-known that it is easy to forget that they are a basket of stocks, subject to certain selection rules determined by capitalisation and sector with regular rebalancing to ensure that the choice of stocks continues to represent the index aims accurately. Therefore, it is possible to alter an index definition to provide alternatives.

For a distributor to decide to create a custom basket instead of using an index requires them to have a clear choice of stocks in mind. The stocks might be particular growth stories, themed by sector or other property, or selected for pricing reasons (for example high dividend yield).

We would normally expect no more than ten stocks in

a basket otherwise explaining the choice would get complicated to investors. Basket-linked products are often relatively short dated because it is important that the choice of stocks remains relevant and compelling and because of the problems that are caused by corporate actions.

One of the main issues that basket products face is that of stock substitution when a corporate action occurs. Share splits and takeovers will require choosing another company to go into the basket. While this is normally straightforward, communicating this to investors can be tricky as well as managing the appropriate reporting administration. This is a distinct advantage of indices where it is the job of the index calculation agent to deal precisely with such occurrences and leave the investor with a single defined concept of the index timeseries.

A more recent development of the use of baskets is that from the increasingly popular actively managed certificate (AMC) sector. These provide a low-cost way for fund managers to follow any strategy in a certificate wrapper. These allow fund managers to choose a portfolio of stocks and to rebalance them to reposition an investment as the fund manager view changes. AMCs can be offered as delta one investments or wrapped into a structured product if a suitable hedge provider can be found.

With increasing choice and customisation, the traditional boundaries of index and stock baskets are blurred somewhat. Mainstream indices will always maintain a strong position as the choice for most retail investors. Beyond these an array of more thematic and specialist indices, custom baskets and the flexibility of the AMC framework allow distributors to create new product offerings where a sufficient case can be made to provide value and opportunity with a niche solution.

Disclaimer: the views, information or opinions expressed herein are those of FVC, and do not necessarily reflect the views of SRP.

Product wrap: BNP explores momentum investing principles via rule-based custom index

In this month's wrap, we look at a selection of structured products with strike dates between 14 August and 17 September 2022.

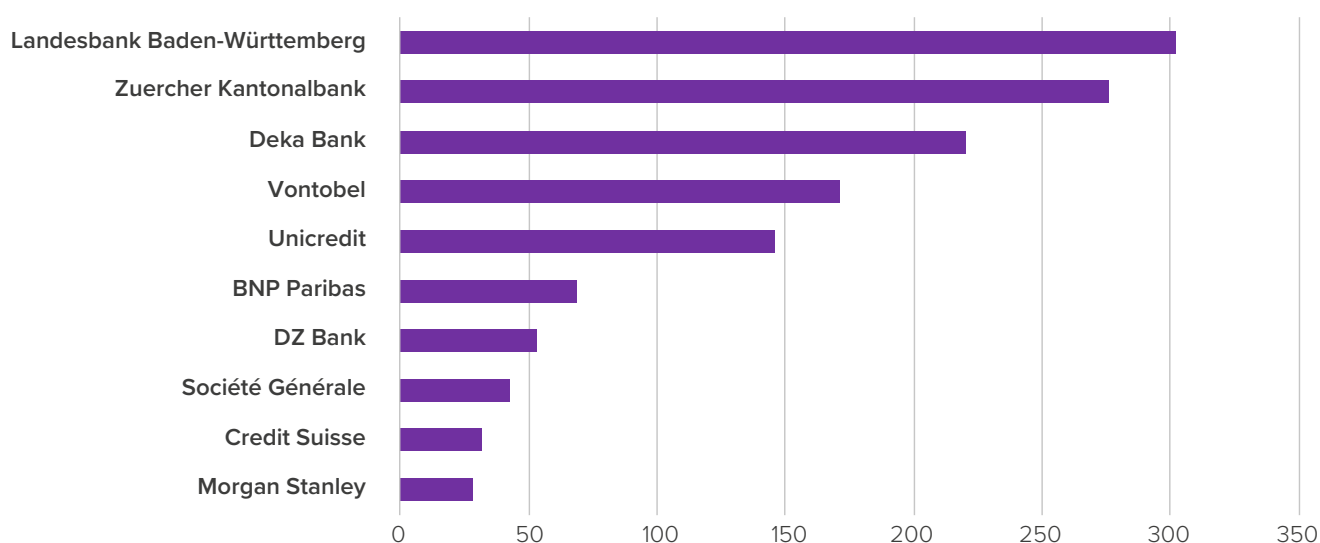
EUROPE

Broker Solutions introduced the Multi Asset Diversified 90% Secure Accelerator Bond 25 in Ireland. The five-note is issued on the paper of BNP Paribas Issuance BV and offers access to the BNP Paribas Multi Asset Diversified 5 Index – a rules-based index comprised of eight components: three equity futures indices, three bond futures indices and two commodity indices. It measures the value of a hypothetical exposure to a range of asset classes and geographic regions based on momentum investing principles. At maturity, investors will receive a minimum return of 22% if the index closes at or above its initial level. However, if the index increases by more than 22%, investors participate 100% in the rise. Ten percent of the nominal invested is at risk. A minimum investment of €50,000 applies. The product is listed in Luxembourg. There is a one-off entrance fee of 1.59%. Priips Summary Risk Indicator (SRI): two out of seven.

Mariana Capital Markets teamed up with Morgan Stanley for FTSE CSDI Super Defensive Kick Out Plan in the UK. The seven-year step-down autocall is linked to preference shares issued via Sienna Finance UK Limited, which in turn depend on the performance of the underlying FTSE Custom 100 Synthetic 3.5% Dividend Index. At maturity, if the final level of the index is at or above 65% of its initial level, the product offers 100% capital return, plus a coupon of 50.75%. Otherwise, the investor participates 1:1 in the fall. The plan is available as direct investment; *Isa/Isa* transfers; and for pensions, companies, trusts and charities – all on an advised and non-advised basis. It is listed in London. There is a one-off entrance fee of 0.51121%. Priips SRI: four out of seven.

Gan Patrimoine, a subsidiary of Groupama, marketed Porphyre Transition Climat Septembre 2022 in France. The 8.2-year green bond is linked to the MSCI Euro Climate Select 50 Paris Aligned 5% Decrement Net Index, which is based on the MSCI Euro Climate Select 50 Paris Aligned Index and

Europe: top 10 issuer group by issuance - 14 August to 17 September 2022*



*Excluding flow- and leverage products

Source: StructuredRetailProducts.com

includes large and mid-cap segments across 10 developed markets countries in the European Monetary Union. If the index closes at or above its initial level on the annual observation date, the product autocalls for a capital return of 100%, plus a coupon of six percent for each year elapsed. Capital is preserved if the index does not close below 80% at maturity. Credit Agricole CIB (the issuer) will use the proceeds to finance and/or refinance green assets in, among others, renewable energy, green real estate, water and waste management, and sustainable agriculture. The product is listed in Luxembourg. There is a one-off entrance fee of 0.78%. Priips SRI: five out of seven.

Also in France, **Société Générale** issued Duo Mix Perspectives Septembre 2022 in France. The 12-year product is targeted at private banking clients and has a minimum investment of €100,000. It offers access to LFDE International Selection, a Ucits fund that is actively managed by SG 29 Haussmann. The objective of the fund is to outperform the Solactive GBS Global Markets Investible Universe EUR Index TR in the long term by exploiting investment opportunities on the equity markets, while providing a fixed stream of distributions. The fund was launched on 28 January 2022 and managed assets of €16.5m as of 8 September. On 31 July 2023, the product returns 85% of the nominal invested, plus a fixed coupon of 1.955%. Every six months, from 16 September 2024 onwards, the product redeems early providing the fund closes at or above its initial level. In that case, it returns the remaining 15% of capital invested, plus a coupon of 2.50% for each semester that has passed. At maturity, the barrier for capital protection is 50%. The product is listed in

Luxembourg. There is a one-off entry fee of 0.78%. Priips SRI: two out of seven.

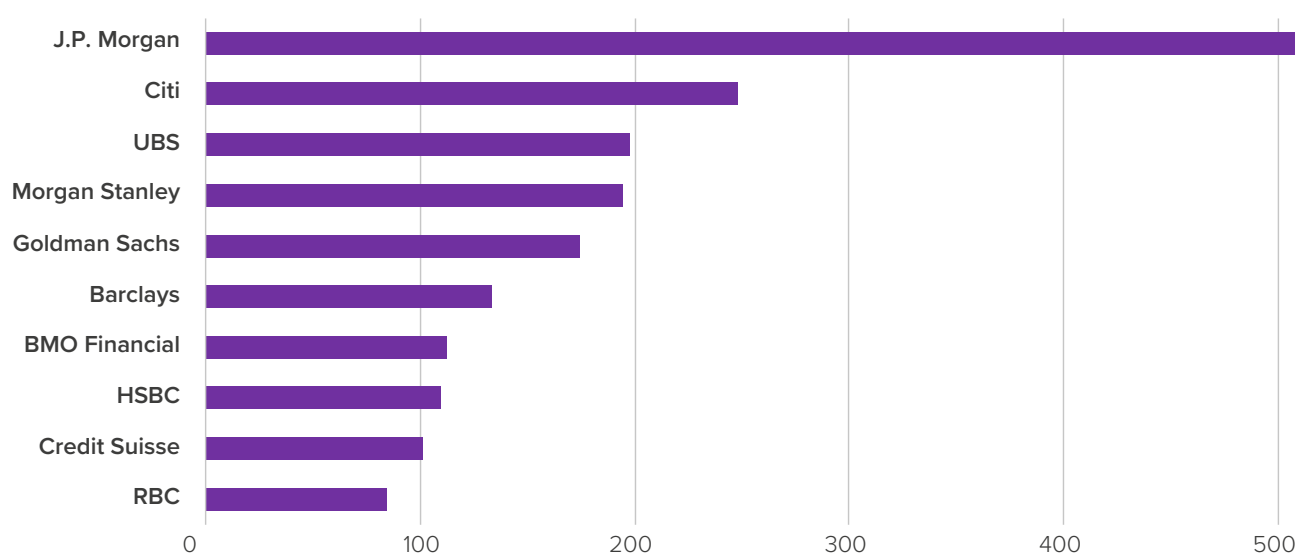
Alexandria Pankkiiriliike distributed Luottokori Eurooppa Kasvu 9 in Finland. The 4.8-year credit-linked note offers access to series 37 of the Markit iTraxx Europe Crossover index, which includes 75 companies as of 19 July 2022. At maturity, the product returns 135% of the nominal invested providing maximum 12 companies in the index have been subject to a credit event. Otherwise, the capital is reduced by 2.14% per each company that has encountered a credit event. BNP Paribas Issuance BV is the issuer. The product is listed at Nasdaq OMX Helsinki. There is a one-off entrance fee of 1.48%. Priips SRI: two out of seven.

NORTH AMERICA

J.P. Morgan collected US\$1.1m with its Return Notes (48133MJA9) on an index basket comprising S&P 500, Stoxx Europe 600 and MSCI Emerging Markets in the US. At maturity, the two best performing indices are allocated a weighting of 90% and 10%, respectively, with the least performing index having no impact on the closing level of the basket. The capital return is equal to the performance of the basket over the investment period. Selling commissions will not exceed US\$7.50. The estimated value of the notes is US\$955.50 per \$1,000 principal amount.

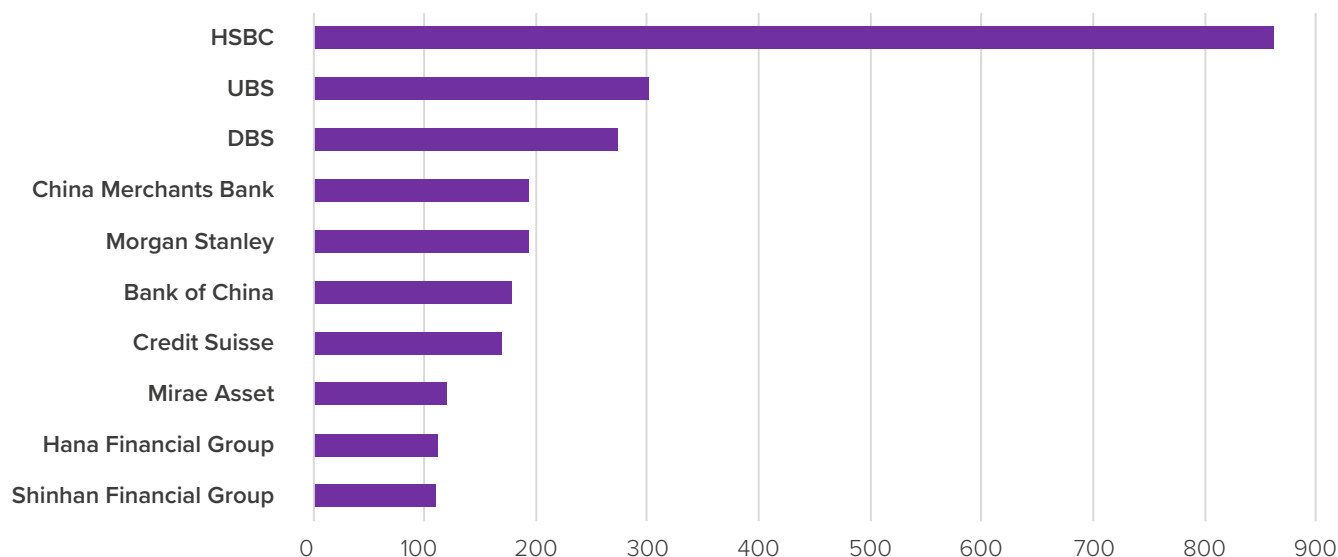
Another US product, **First Trust Portfolios'** Barrier Securities

Americas: top 10 issuer group by issuance - 14 August to 17 September 2022*



*Excluding flow- and leverage products

Source: StructuredRetailProducts.com

Asia Pacific: top 10 issuer group by issuance - 14 August to 17 September 2022*


*Excluding flow- and leverage products

Source: [StructuredRetailProducts.com](https://www.structuredretailproducts.com)

(17330PEY1) on the S&P 500 achieved sales of US\$1.6m. The 1.1-year registered note offers 100% capital return, plus 150% of the rise in the index over the investment period, providing the S&P does not fall by more than 15% from its initial level. The return is capped at 21%. Citigroup Global Markets (the issuer) will receive an underwriting fee of one percent for each security sold. The estimated value of the securities will be at least US\$850, which is less than the issue price.

Bank of Montreal issued series 3599 of its callable equity income notes in Canada. The five-year note pays a fixed monthly coupon of 1.69% (20.28% pa) if the underlying share of Tesla closes at or above 70% of its initial level. If the share closes at or above 105% of its starting price, the product redeems early. A selling concession fee of C\$2.50 per note sold is payable to the dealers whose clients purchase the notes. An additional fee of up to C\$0.20 will be payable to Raymond James for acting as independent agent.

ASIA PACIFIC

Bank of China launched 人民币结构性存款2022年第220688期 GRSDR220688 in China. The six-month deposit is linked to the appreciation of the US dollar relative to the Japanese yen. At maturity, if the USD/JPY has stayed at or below the pre-determined barrier of +6.10 of the initial level throughout the tenor, the product offers 100% capital return, plus a coupon of 2.95% pa. Otherwise, the product will offer 100% capital plus a coupon pro-rated by the number of pre-

determined observation periods throughout the tenor, but not less than 1.3% pa.

IwaiCosmo Securities accumulated sales of JPY730m (US\$5.3m) with ノックイン債/KI M20250902 in Japan. The three-year product offers a fixed coupon of 5.45% pa for the first quarter of investment. Every subsequent quarter a coupon of the same amount is paid providing the underlying Nikkei 225 index closes at or above 85% of its initial level, or 0.5% pa otherwise. At maturity, if the index closes at or above its initial level on the final valuation date, or if it has never traded below 70% of its initial level throughout the tenor, the product will return 100% of the initial capital. BNP Paribas is the issuer.

Mirae Asset Securities targeted ELB 3035 at retail investors in South Korea. The three-year bond is linked to the Kospi 200 and Eurostoxx 50. The product will be redeemed early at the end of each semester if the worst performing index closes at or above 100% of its initial level on the observation date respectively. In that case, it offers 100% capital return, plus a coupon of three percent for each semester that has passed. At maturity, the product offers minimum 100% capital return.

Also in China, **HSBC** issued 两年美元汇视环球产品022款第8期. The two-year deposit is denominated in US dollars and linked to the Morningstar Exponential Technologies ESG Screened Target Volatility 7% Index. The product features the shark fin payoff. If the price of the index is at or above 112% of its initial level on the annual strike observation dates during the tenor, the product offers a capital return of 100% plus a coupon of 3.25% pa.

People Moves



CS appoints Asia ex-Japan head of EQD structuring



Credit Suisse's co-global head of QIS distribution structuring has relocated to Singapore to take on an expanded role following a reshuffle.

Clement Florentin (pictured) has assumed the newly-created role as Asia ex-Japan head of equity derivatives (EQD) structuring at Credit Suisse.

The move, which is effective from this month and sees Florentin relocating to Singapore from Hong Kong SAR, is the result of a lesser reshuffle within the global trading solutions (GTS) unit at Credit Suisse Investment Bank, SRP has learnt.

As managing director, Florentin continues to act as Asia-ex Japan head of investment solutions structuring and co-global head of quantitative investment strategies (QIS) distribution structuring after undertaking these positions in October 2018 and January 2021, respectively.

He continues to report to Thibault Dufour, global co-head of EQD and cross-asset QIS structuring based in New York, with a new line to Julien Bieren, global head of EQD exotic structuring in London at Credit Suisse.

For the Japanese market, Romain Barba is now managing director, head of EQD and investment solutions structuring at Credit Suisse, based in Tokyo following the reshuffle at GTS.

The new role is very much aligned to Florentin's previous responsibilities, and the relocation does not indicate any material shift of geographical footprint for the team, according to a source close to the matter.

Having kicked off his financial career at the Swiss bank in July 2008, Florentin was promoted to director, head of cross-asset and equity QIS structuring during his 10 years in London, before he moved to Hong Kong SAR as Asia ex-Japan head of investment solutions structuring (ISS). In January 2021, he began to co-lead QIS distribution structuring at a global level and became managing director in December 2021.

Prior to the new role, Florentine reported to Nicolas Cohen-Addad, co-global head of investment solutions at Credit Suisse in Hong Kong SAR, besides Dufour in New York.

OCBC names head of structured products



The role within the Singaporean bank's global treasury had been held ad interim since Q1 22.

Jun Teck Yap (pictured), a treasury veteran, has been appointed as regional head of investment & structured products at the second largest Singaporean bank by assets, SRP has confirmed.

Yap who has served for 17 years at OCBC Bank is now

PEOPLE MOVES

responsible for Singapore, Malaysia, Hong Kong and Indonesia. He had held the role within the global treasury unit on an interim basis following Say Ping New's departure in March 2022.

Yap reports to Kenneth Lai, executive vice president, head of global treasury at OCBC Bank in Singapore since October 2020.

He started his financial career at OCBC Bank in 2006 as manager, treasury advisory, in foreign exchange (FX), investments and structured products before being promoted the following year to assistant vice president, treasury advisor, covering structured products across asset classes.

In April 2011, Yap became vice president, treasury advisor with a focus on equity structured products, including the execution of equity-linked notes (ELNs) and exotics trades, such as daily callable range accrual, twin win and fixed rate. He was also involved in launching equity-linked yield enhancement flow products catering to investors who preferred capital gains to fixed coupons.

From 2013, his responsibilities expanded to treasury products including bonds, FX and equity-linked structured products. Yap led a team of senior relationship managers in the private clients segment as senior treasury advisor at the investment & structured products desk.

Barclays poaches BNP Paribas EQD structurer



An ex-BNP Paribas derivatives structurer has taken a newly created role for Asia ex-Japan at Barclays CIB follows his 15 years at the French bank.

Thomas Bord (pictured) has assumed the new role as director, head of equity derivatives (EQD) structuring for Asia ex-Japan at Barclays Corporate &

Investment Bank (CIB), SRP has confirmed.

Bord continues to be based in Hong Kong SAR reporting to Nicolas Reille, managing director, head of EQD structuring for Asia and head of EQD sales for Asia-ex Japan. His license with Barclays Capital Asia has been effective since 18 July 2022, according to the local financial regulator Securities and Futures Commission (SFC).

"Thomas brings extensive experience of more than 15 years working across Europe and Asia," a senior source at the bank told SRP.

The Hong Kong Monetary Authority (HKMA) shows that Bord was registered with BNP Paribas from 20 December 2011 to 22 April 2022. At BNP Paribas, he worked in derivatives structuring covering commodity, mutual funds and equity derivatives.

The structuring team for the Japanese market is still led by Julien Calas, head of cross-asset structuring at Barclays CIB based in Tokyo. Calas joined the UK bank from Natixis in 2018 with the same reporting line to Reille.

The new set-up coincides Credit Suisse's decision to create the positions of EQD structuring heads for Asia ex-Japan and Japan following a reshuffle within its global trading solution unit – they have been assumed internally by managing directors Clement Florentin and Romain Barba, respectively.

Natixis names global head of equity structuring



Guillaume Calvino (pictured) has been appointed as managing director, global head of equity structuring, global markets at Natixis Corporate & Investment Banking (CIB), according to a spokesperson at the bank.

Based in Paris, Calvino reports to Elie Bitton, managing director, global head of sales & structuring at Natixis CIB. His previous role in Hong Kong SAR has been succeeded by Walid Gueriri, who's now executive director, Apac head of equity structuring at the bank, and continues to report to Calvino, according to the spokesperson.

Calvino's licence with Natixis Asia on the Hong Kong's Securities and Futures Commission (SFC) was terminated on 21 August 2022 following nearly seven years of service at the French bank in the city where his last role was managing director, Apac head of equity derivatives (EQD) structuring.

Calvino returned to Natixis in 2016 after serving Standard Chartered Bank for five years in Hong Kong SAR where he acted as executive director in equity, fund and quantitative investment strategies (QIS) structuring.

He first joined the French bank as an EQD quantitative analyst and structurer in October 2005 in Tokyo. From November 2006 to April 2010, the structurer was promoted to director in equity, mutual fund and hybrid derivatives structuring at Natixis in Hong Kong SAR.

In the meantime, SRP learnt that Pierre Moretti has recently left Natixis where he was most recently managing director, head of equity structuring for Europe, the Middle East and Africa (Emea).

After joining Natixis in January 2019, Moretti was first based in London as head of equity structuring teams in London and Paris and global head of cross-asset quantitative investment strategies (QIS) teams.

Prior to that, he spent a decade at Société Générale (SG) where he started as a structurer in equity and cross-asset derivatives in Paris before leading the equity pricing & solutions teams for institutional investors in London in 2015. His last role at the SG was head of QIS EQD & QIS cross-asset structuring in London.

SG rejigs European EQD team



The French bank is targeting new asset classes and new clients in Europe. **Frédéric Despagne** (pictured) has expanded his portfolio of responsibilities after a promotion that puts him in charge of at Société Générale corporate & investment banking's (SGCIB) equity derivatives and structured products across Europe, including the UK.

As European head of equity derivatives, quantitative investment strategies (QIS) and investment solutions - cross asset, he will work on increasing product transversality between equity derivatives, fixed income & currencies (FIC) and investment solutions across businesses and regions.

The target is to continue to expand into new asset classes and new clients. Despagne remains based in Paris, reporting to Yann Garnier (below), head of global markets sales and research.

The French bank is seeking to build upon two years of very fast growth on investment solutions in Europe and leverage its equity trading capacities to accelerate growth with hedge funds, pensions funds and asset managers.

"2021 and 2022 were SG's two biggest years ever," a source at the bank told SRP. "The target is to continue to expand into new asset classes and new clients. [The aim] of this reorganisation is to maintain our leadership where we already lead, and to become the leader where we don't."

Despagne was appointed European head of investment solutions distribution in 2020, also reporting to Garnier. Prior to that he was European head of investment solutions distribution ex-France, equity and fixed income for global markets at SGCIB. Earlier, in 2015, he took on the role of head of cross-asset solutions sales for Belgium and Luxembourg replacing Xavier Cahierre, the then head of cross-asset solutions sales for Belgium and Luxembourg, who moved to Lyxor Asset Management as head of sales Emea in 2018.

Despagne joined SG in 2003 as head of sales equity, credit and rate structured products in Paris. Despagne's appointment is part of a reorganisation of the equity derivatives sales activity following the recent departure of Julien Lascar (pictured), global head of equity derivative sales at Société Générale (SG).

Lascar is set to join BNP Paribas also as global head of equity derivative sales in Paris reporting to Renaud Meary, global head of equity derivatives at BNP Paribas.

Citi taps Apac structuring co-head for new role



Cyrille Troublaiewitch (pictured) has been appointed as global head of equity private markets, a newly-created team. He continues to be based in Hong Kong SAR.

Previously, Troublaiewitch was managing director, Apac co-head of equity and multi-asset derivatives sales and structuring. This role will be succeeded by Mario Serafino mid next month, who was most recently managing director, Apac head of equity derivatives marketing, according to sources.

Based in Hong Kong SAR, Serafino will report to Quentin Andre, global head of multi-asset group (MAG) at Citi in London, along with Sue Lee, the other Apac co-head of equity and multi-asset derivatives sales and structuring based in Singapore.

Serafino spent 18 years at J.P. Morgan where he was promoted to managing director in May 2018, according to his LinkedIn profile. His licence with the bank went ineffective on 19 July 2022, according to Hong Kong's Securities and Futures Commission.

Troublaiewitch has a 20-year track in structuring after kicking off his career at Deutsche Bank where he was an EQD structurer for two years. Having joined Citi as a cross-asset structurer in London in 2004, he moved to Hong Kong SAR three years later with responsibility of launching innovative investment and hedging solutions.

Natixis head of new products & innovation exits



Aurelien Rabaey (pictured), ex-managing director, global head of new products and innovation, financial engineering at Natixis Corporate & Investment Bank (CIB) has recently left following his eight years at the French bank, SRP has confirmed.

Based in Paris, Rabaey was global head of financial engineering for equity derivatives and equity markets before taking his most recent role in 2018. He joined Natixis CIB from Société Générale where he was responsible for pricing and distribution of cross asset solutions from 2004 to 2014.



www.structuredetailproducts.com