

NBC LAUNCHES BESPOKE SERVICE IN CANADA

National Bank of Canada (NBC) has launched its Sprint Note issuance programme on a new Bespoke platform that sees the issuer enter the made-to-order structured products market. The bank is offering Canadian financial advisers, either warehouses or broker-dealers, structures that reflect their clients' market views, with a minimum \$1m (Canadian or US) ticket size.

"We are extremely excited by our new capacity to issue notes offering extensive flexibility to retail investors. We are reaffirming our leadership in creativity and undisputable interest to offer retail investors responsible products optimising the returns of their portfolios," said François Rivard, managing director of NBC's Financial Products Solutions Group.

The platform, introduced in January this year, offers reverse convertibles and four tracking structures with tailored leverage and protection features, whose name depends on the features chosen. Bespoke clients will be able to customise product durations, underlying (including commodities, stocks, ETFs, indices and sub-indices), currency, leverage and protection. So far, four products have been launched: two reverse convertibles and two enhanced tracker/capped call combinations, known locally as Sprints. All are distributed via National Bank Financial's network of advisers and Desjardins Securities' independent advisers.

The Sprint No Barrier structure provides geared capped upside participation with 99% of capital at risk. The three other protection variations of the programme are known as Maturity-Monitored Barrier, featuring soft protection measured on maturity, Daily-Monitored Barrier, with a daily-observed soft protection barrier, and Buffered, with a degree of hard protection.

The initial Sprint offers were Sprint Note Securities No Barrier linked to the S&P/TSX60 Index. The 12-month growth product tracks the index on the downside with 200% upside participation and an overall cap of 15%. The second Sprint Note Securities has the same structure and duration, but is linked to the shares of Research In Motion (RIM) with 250% upside leverage and a 25% overall cap.

In 2010, NBC led the industry in issuing digital/protected trackers, the most prevalent note structure, with eight appearances. Sixty-seven note products were issued in 2010 overall. So far this year, CIBC has taken the lead in this segment, with nine notes, followed by NBC and RBC with four apiece. The market's grand total is 19. Capped call/enhanced tracker has been the most frequently used structure so far, with seven appearances.

The appearance of these structures demonstrates the investor's increasing appetite for riskier US-style payouts, including enhanced trackers, knockouts and digital/protected tracker combinations, as predicted by SRP last year. Meanwhile, the launch of the Bespoke Notes programme by NBC demonstrates that the note market segment is gaining more attention from providers.

NBC's first Sprint Note Securities No Barrier were available via National Bank Financial and Desjardins Securities until 25 February, with a minimum investment of CA\$5,000 (\$5,067).