

# Structured Thoughts

*News for the financial services community.*



## **IN THIS ISSUE:**

Electronic Structured Product Systems and FINRA's Robo-Advisor Report .....	1
The SEC's Regulation S-K Concept Release and Structured Notes .....	2
OCC Discusses Responsible Financial Innovation .....	4
PRIPs – ESAs Publish Final Draft RTS.....	5
ESMA Publishes Q&A Relating to the Provision of CFDs to Retail Investors .....	7

## **Electronic Structured Product Systems and FINRA's Robo-Advisor Report**

In a prior issue of this publication,<sup>1</sup> we wrote about electronic structured note issuance platforms, and how these might be affected by U.S. securities regulations. FINRA's March 2016 report<sup>2</sup> on "robo-advisors" provides a framework for considering the effect of its rules and regulations on possible platforms of this type.

An electronic structured notes issuance platform may be created for a variety of purposes. For example, it could be used to show investors a broker's current new offerings, or to show securities available for sale in the secondary market, providing (or not providing) an opportunity to place a purchase order. Some have envisioned a system in which an investor could "design" a structured note, for example, selecting from certain pre-established selections different potential reference assets, and different parameters for buffers, caps, participation rates, maturities and other terms. Some market participants have proposed systems in which structured products would be a tool used in an electronically created portfolio. In each case, such a system could conceivably be accessed directly by investors or used as a tool by financial advisors.

### **Is the System a "Digital Advice Tool"?**

A system of this kind likely would be a "digital advice tool" of the type contemplated by the report. A system of this kind would fit into FINRA's views of digital advice tools in the report if it supported one or more of the following functions: customer profiling, portfolio selection and trade execution. Depending on its use, it could be a "financial professional facing" tool, or a "client facing" tool, depending upon how it is incorporated into the sales process.

<sup>1</sup> <http://media.mofo.com/files/Uploads/Images/130617-Structured-Thoughts.pdf>.

<sup>2</sup> The report may be found at the link: <http://www.finra.org/sites/default/files/digital-investment-advice-report.pdf>. For our summary of the report, please see the following link: <http://www.bdiaregulator.com/2016/03/finra-reports-on-robo-advisors/>.

## Investor Profiling

A system of this type could be used as a tool to obtain key information about customers, including their risk tolerance, investment goals and familiarity with structured products and other complex securities. If the system permits investors to design and/or purchase structured products, the system could be designed to deny access to these functions to individuals who do not appear sufficiently experienced, or for whom such products are not consistent with their stated investment profile. It is also possible that some conservative products offered by a broker may be within an investor's risk tolerance, while other, more complicated products may not be. A system would need to be designed with an appropriate mechanism for making these determinations.

## Algorithms

A system that enables investors or financial advisers to design products will need to have parameters that ensure that the products offered satisfy FINRA's reasonable-basis suitability standard. For example, can such a system offer a product that can have a capped return or an interest rate that is too low to provide an investor with a reasonable return? Changing market interest rates, and changing volatilities, should in principle change the terms of the products that are offered.

According to FINRA's guidance in the report, a system of this kind should be tested carefully prior to use, and monitored regularly in order to ensure that it produces results consistent with its purpose.

## The Perfect System – And a Financial Adviser's Role

A system may perform perfectly as intended, and produce recommendations that are, in and of themselves, consistent with FINRA's suitability standards. However, if a system is designed for use by a registered representative, that representative must have sufficient knowledge of the relevant securities to satisfy the rules; that is, a registered representative cannot use such a system as a substitute for having the requisite knowledge about the relevant products offered or about the customer who may purchase them. Registered representatives who use such a system must be properly trained as to its use, and any of its limitations.

## Portfolio Construction and Rebalancing

A system of this kind may be used to suggest structured products that would help constitute the investor's portfolio allocation in a certain sector or security type. A system could be configured to periodically make recommendations to an investor as to structured products that could be used to enable the investor to maintain the recommended allocation, and could even conceivably be configured to automatically effect transactions to do so. Such a system would need to allocate the types of structured products that would be most appropriate, or in some cases, inappropriate, for different portfolios. Of course, if any transactions are recommended or effected automatically, the system would need to be constructed carefully in order to ensure that its output is consistent with the firm's strategies and outlook, and that any conflicts of interest are appropriately mitigated or otherwise addressed.

## Conclusion

An electronic structured note system would face a variety of challenges in complying with FINRA's rules and guidance. The March 2016 report provides a useful framework for analyzing how a particular system would need to be designed and operated in connection with these regulations.

---

# The SEC's Regulation S-K Concept Release and Structured Notes

## Introduction

In April 2016, the SEC's Division of Corporation Finance issued a 341-page concept release relating to the disclosure requirements of Regulation S-K.<sup>3</sup> The release is part of the Division's initiative to review the disclosure requirements that are applicable to SEC registrants, and to consider ways to improve these requirements for the benefit of investors and issuers.

---

<sup>3</sup> The concept release may be found at the following link: <https://www.sec.gov/rules/concept/2016/33-10064.pdf>.

Regulation S-K addresses a broad range of disclosures that apply to registration statements and periodic reports. In some cases, it has remarkably detailed and prescriptive disclosure requirements; in other cases, it is relatively “principles-based,” and leaves considerable room to the judgment of the draftsman. As we often point out, very few of Regulation S-K’s provisions were drafted with structured notes or other derivative securities in mind; accordingly, careful thought has been applied over the last decade to appropriate disclosures for these securities offerings, and certain norms of disclosure have taken root in the industry.

The concept release principally addresses the parts of Regulation S-K that relate to a registrant’s business and financial results.<sup>4</sup> Accordingly, most of its discussion is not specifically relevant to structured note product supplements or pricing supplements; these documents mainly discuss the terms of the relevant securities and the risks that arise from those terms.<sup>5</sup> However, a variety of the issues raised in the concept release address issues that practitioners in our sector must address every day.

### **Who Is Reading This Document? Addressing the Informational Needs of Different Investors**

Pages 45 to 52 of the concept release discuss the fact that there are considerable differences among the recipients of offering documents in terms of their understanding of the material presented. Accordingly, the concept release seeks comment on, for example, whether disclosures should be tailored to facilitate their use by different types of investors. A subsequent discussion in the concept release (beginning on page 324) discusses the possibility of “layered disclosure,” in which summary disclosures are used in order to highlight key information for less sophisticated investors.

Practitioners in the structured product market have devoted substantial attention in recent years to the needs of retail investors, especially (of course) for products that are principally targeted at retail investors. Issuers have organized their offering documents with a view to enhancing the ability of retail investors to understand the products, and the risks that they entail, including hypothetical performance diagrams and tables, and emphasizing the key risks that are inherent to a structure, such as potential loss of principal, or capped returns.

The SEC’s discussion in the concept release of presenting information in graphic form, such as charts and tables, and standardized disclosure formats, is reminiscent to some extent of the KIID rules enacted in the European Union, particularly if the SEC begins to extend these concepts to the description of securities in prospectuses.

### **Risk Factors**

Perhaps surprising, but true: Item 503(c)’s guidance for risk factors is extremely limited. The very few words used in this part of Regulation S-K in fact generate a significant amount of text in offering documents. Additionally, Item 503(c) really says nothing specific about structured notes, underlying assets or even “estimated initial value.” In fact, of the five examples of material risks set forth in Item 503, only one, relating to “limited liquidity,” directly relates to these types of securities.

Accordingly, practitioners have devoted substantial time to creating today’s structured note risk factors, giving careful consideration to the terms of the notes, the nature of the underlying asset and (beginning in 2012) the SEC’s guidance as to estimated initial value. Many would say that the risk factors presented by different issuers in the market for similar products is strikingly similar.

The concept release notes the SEC’s historic concern about “generic” risk factors, and about boilerplate text that could apply to any offering. The concept release repeats the SEC’s prior guidance that risk factors should be as specific as possible.

Structured note issuers tend to be specific about risks where known — for example, a document with a “10% buffer” will clearly state that the investor is subject to a potential loss of 90% of principal (subject to credit risk). For other items, such as the potential profit from the issuer’s hedging activities and the related conflict of interest that arises, issuers tend to be unable to place precise figures (since the future is unknown), and instead discuss the nature of the risk in qualitative terms.

---

<sup>4</sup> Some of us were initially excited to see a section in the concept release entitled “Structured Disclosures,” briefly thinking that it was addressed to the market for structured securities. But no, that section actually relates to numeric and narrative-based disclosures that are made machine-readable through tagging, such as financial statements.

<sup>5</sup> Of course, the concept release’s discussion of revising Regulation S-K provisions relating to disclosures such as business descriptions and MD&A, as well as industry guides (including “Guide 3,” which relates to banks), would have a substantial impact on the periodic reports of the banks and bank holding companies that issue structured products.

The concept release is also concerned as to whether issuers are appropriately stressing the key risk factors. In the structured note market, issuers principally address this with careful placement. For example, issuer credit risk and potential loss of principal (where applicable) are typically addressed not only by placing these risk factors in a prominent part of the risk factors section, but also by including appropriate disclosures on the cover page and the summary section. The goal here is to ensure that investors, particularly retail investors, won't miss the point, and will consider it prior to making an investment.

### **Avoiding Duplicative Disclosures**

The concept release expresses a concern that, due to the length and complexity of disclosure documents, key messages might be missed. The release is interested in the possibility of shortening documents, whether through avoiding duplicative disclosures, or by using features such as hyperlinks. In the area of structured products, for example, many detailed provisions about the terms of the notes are sometimes repeated verbatim in different parts of the document, such as the "summary section" and the "description of the notes." The concept release suggests that the SEC may take rule-making action at some point to avoid this type of repetition.

### **Exhibit Requirements**

OK, we admit it. We're somewhat fascinated by the SEC's exhibit requirements, and somewhat pleased that the concept release requests comments about Regulation S-K's exhibit requirements. However, to the extent that this is not a burning issue for most market participants, and that the concept release is principally concerned with the filing requirements for "material contracts," we will keep our remarks brief.

- Only a few exhibit requirements relate directly to structured notes: principally, filing underwriting agreements and related documents, indentures and forms of notes, and "enforceability opinions" and "tax opinions."
- We are aware of few situations in which the filing of underwriting agreements, indentures and forms of notes have provided meaningful benefit to investors, as these documents are principally understandable only by securities lawyers. However, filing these documents does involve a cost for issuers, principally in the form of printer fees, and legal fees for reviewing the filing and supervising the filing process. The principal benefit of these filings seems to be to enable lawyers to compare their work to that of other firms. (That being said, as new TLAC and other requirements are implemented, regulators may take an interest in indentures and similar documents to understand whether covenants and other provisions comply with the applicable regulatory requirements.)
- As an alternative to requiring the filing of these documents, perhaps the SEC could consider rules that would enable issuers, instead of filing these documents, to (a) make them available to investors and the SEC upon request, or (b) post them (in whatever reasonable electronic format they choose) on a company website?

---

## **OCC Discusses Responsible Financial Innovation**

In March 2016, the Office of the Comptroller of the Currency ("OCC") released a white paper<sup>6</sup> on financial technology innovation. The white paper sets forth a framework for "responsible innovation." Our firm's client alert relating to the white paper may be found at the following link:

<http://www.mofo.com/~media/Files/ClientAlert/2016/04/160406OCCFintechFramework.pdf>.

The white paper is largely concerned with the rise of FinTech and its impact on how financial services are created and delivered to consumers. The white paper is also concerned with the development of financial products that are offered to consumers, and the development of an adequate framework to address them.

The OCC supports a framework that is based on responsible innovation, which is defined as "the use of new or improved financial products, services, and processes to meet the evolving needs of consumers, businesses, and communities in a manner that is consistent with sound risk management and is aligned with the bank's overall business strategy." The OCC will continue to review new products and technologies, analyzing how they may or may not support the stability of U.S. banks.

---

<sup>6</sup> The white paper may be found at the following link: <http://www.occ.gov/publications/publications-by-type/other-publications-reports/pub-responsible-innovation-banking-system-occ-perspective.pdf>.

## PRIIPs – ESAs Publish Final Draft RTS

On 31 March, 2016, final draft regulatory technical standards (“RTS”)<sup>7</sup> were published in relation to the presentation, content, review and provision of the Key Information Document (“KID”) pursuant to the EU Regulation (the “PRIIPS Regulation”)<sup>8</sup> in relation to packaged retail investment and insurance-based products (“PRIIPs”). Although a number of market participants have called for a delay of the current implementation date of the PRIIPS Regulation set for 31 December 2016, it appears that the relevant EU regulatory authorities intend to press on with the existing timetable.

The final draft RTS were published by the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA, and together, the “ESAs”) and have now been submitted to the EU Commission for approval. The ESAs previously published a Joint Consultation Paper in November 2015 in relation to the draft RTS.<sup>9</sup> The revised draft RTS are substantially similar to those set out in the previous Consultation Paper. It is now expected that the EU Commission will go ahead and adopt the draft RTS substantially in their current form so that they will come into force at the same time as the implementation date for the PRIIPs Regulation.

### Proposals in Relation to the Presentation and Content of the KID

The draft RTS set out a mandatory template to be used for each KID (including mandatory text). Certain permitted adaptations to the template are also provided. Amongst the major issues addressed in relation to presentation and content are set out below.

#### *Risk indicators:*

The draft RTS requires a summary risk indicator ranking the PRIIP on a numerical scale from 1 (lowest risk class) to 7 (highest risk class). The draft RTS contain a methodology for the assignment of each PRIIP to the relevant risk class, the inclusion of narrative explanations and, for certain PRIIPs, additional warnings.

The criteria for establishing the relevant risk class are set out in Annex II to the draft RTS. The ESAs have identified market and credit risk as the major factors of risk that need to be reflected in the indicator, alongside liquidity risk. A narrative warning is required directly below the indicator where the PRIIP is considered to have a material liquidity risk having regard to the factors set out in the RTS or to be illiquid. Where a product is denominated in a currency other than the legal tender in the member state in which it is being marketed, a narrative must be included stating that the investor’s return may change as a result of currency fluctuations.

#### *Performance scenarios:*

The draft RTS set out requirements for performance scenarios. The ESAs state that, after examining many options and assessing consultation responses, the favoured approach is to use the measure of market risk as a basis for identifying a future spread of possible outcomes reflecting typical past returns over a suitable performance window. The KID is required to include three performance scenarios: an unfavourable scenario, a moderate scenario and a favourable scenario. Annex IV to the RTS sets out the criteria to be used in relation to each scenario. Annex V sets out how the performance scenarios are to be presented, and also includes a template for the narrative to be set forth below the performance scenarios. If the unfavourable impacts of the product would not be adequately covered in the unfavourable scenario, an additional scenario must be added to show intermediate periods demonstrating such potential impacts.

An additional scenario for insurance-based investment products is required to be based on the moderate scenario where the performance is relevant in respect of the return of the investment.

The scenarios shall be calculated for the recommended holding period. For PRIIPs with a recommended holding period between one and three years, performance shall be shown at two different holding periods (one year and at the end of the recommended holding period). For PRIIPs with a recommended holding period of three years or more, performance shall

<sup>7</sup> <https://www.eba.europa.eu/documents/10180/1427264/JC+2016+21+%28Final+draft+RTS+PRIIPs+KID+report%29.pdf/eb09b18d-0773-4d05-bf5e-25cc546870f2>

<sup>8</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOL\\_2014\\_352\\_R\\_0001&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOL_2014_352_R_0001&from=EN)

<sup>9</sup> See previous alert at <http://www.mofo.com/~media/Files/Newsletter/2015/12/151214StructuredThoughts.pdf>

be shown at three holding periods (one year, half the recommended holding period rounded up to the nearest year, and the recommended holding period).

#### Costs:

The draft RTS set out various requirements in relation to the presentation of costs. These require the inclusion of two tables – one entitled “Costs over time” that summarises the overall impact of the costs in money and percentage terms and showing how the costs accumulate for different holding periods. The other is entitled “Composition of costs” and identifies the key costs in a summary breakdown to enable a consumer to see how these might apply, and to how they might use the product. The format of these tables is set out in Annex VII to the RTS, and the methodology for the calculation is set out in Annex VI to the RTS. If relevant, a narrative must also be included stating that the table takes into account exit penalties. The table must also include a breakdown of one-off costs, recurring costs and incidental costs, all in accordance with methodology specified in Annex VI to the RTS.

#### Special Cases

In relation to certain standardised exchange-traded derivatives, the ESAs consider that a different approach on performance information will offer more useful information for retail investors. Here, performance scenarios shall be included in the form of pay-off structure graphs as set out in Annex V of the RTS.

In relation to PRIIPs offering multiple investment options, the KID may either be generic, related to the product in general, including information on the range of risks and costs (but not all the detail on every specific option) or specific KIDs can be produced for each option to combine the generic information with the specific information for that option.

#### Revision of the KID

Article 10 of the draft RTS sets out requirements for revision of the KID by the PRIIP manufacturer. This must be undertaken on at least an annual basis, and there is an obligation for ad hoc revisions to be made when necessary under the detailed methodologies for calculating the summary risk indicator, the performance scenarios and the costs, and when necessary for products offering multiple options.

#### Timing of Publication of the KID

The draft RTS state that the person advising on or selling the PRIIP shall provide the KID in “good time” (as required by the PRIIPs Regulation) so as to allow retail investors enough time to consider the document before being bound by any contract or offer. In determining how long the investor needs in this regard, the person advising or selling the PRIIP must take into account, as appropriate: (a) the knowledge and experience of the retail investor with the PRIIP (or a similar PRIIP), (b) the complexity of the PRIIP and (c) the urgency for the retail investor of concluding the proposed contract or offer.

#### Industry Concerns

A number of concerns have been raised by relevant industry participants that the 31 December 2016 deadline for implementation of the PRIIPs Regulation is unrealistic. In January 2016, Insurance Europe called for an extension of one year to give product manufacturers time to test the KID. It has also expressed concerns that the proposed KID will not explain insurance-based investment products correctly and will make such products seem more expensive than other investment products without explaining the additional insurance protection provided by insurance-based products. Other industry bodies, including the European Structured Investment Products Association and the European Fund and Asset Management Association, have raised similar concerns on timing and also requested a one-year delay in PRIIPs implementation. Market participants have also raised concerns that there are still areas of uncertainty in relation to the PRIIPs regulation that are not addressed by the draft RTS. These include the application of the PRIIPs regulation to existing products and whether any grandfathering will apply and the use of the KID in countries other than the home country of the manufacturer.

There is, however, no sign that the European authorities are considering any delay in the implementation of the PRIIPs Regulation, and the draft RTS contemplate implementation in accordance with the current timetable.

---

## ESMA Publishes Q&A Relating to the Provision of CFDs to Retail Investors

### Background and Purpose of Q&A

On 8 April 2016, the European Securities and Markets Authority (ESMA) published a new Q&A<sup>10</sup> in relation to the application of the Markets in Financial Instruments Directive ("MiFID") to the marketing and sale of financial contracts for difference ("CFDs") and other speculative products to retail investors. The Q&A is designed to be relevant to both MiFID in its existing form and to the new regime that will come into effect under the revised and recast MiFID and the new Markets in Financial Instruments Regulation (collectively referred to as "MiFID II"), which are now expected to be implemented with effect from 1 January 2018.

ESMA notes that in looking to enhance returns, many investors consider investing in complex speculative financial instruments, including CFDs, binary options and rolling spot forex contracts. It notes that although these are complex products and it may be difficult for a majority of retail investors to understand the risks involved, they are widely advertised to the retail mass market (often via online platforms) by a number of firms.

ESMA states that the purpose of the Q&A paper is to promote common supervisory approaches and practices in the application of MiFID and its implementing measures to certain key aspects that are relevant when CFDs and other speculative products are marketed and sold to retail clients. It notes that national competent authorities ("NCAs") must not grant authorisation to any firm to carry out a relevant financial activity or service unless and until fully satisfied that the applicant complies with all its MiFID obligations. The Q&As are intended to help NCAs obtain and consider relevant information as part of their procedures for granting and refusing requests for authorisations from firms offering CFDs and other speculative products to retail investors.

### Effective Supervision

The first set of Q&As are designed to assist NCAs in ensuring that the relevant firm can be effectively supervised by the relevant NCA, including that the NCA can obtain adequate information from the applicant firm and persons with whom such firm has close links and that the firm is ready and willing to engage with the NCA in an open and cooperative way. ESMA also states that, when considering an application for authorisation, an NCA should ensure that the applicant firm's resources are appropriate in relation to the activities that the firm intends to carry out. Such firm's financial and non-financial resources must be sufficient for the firm to operate the business effectively and meet its MiFID obligations. ESMA also gives substantial guidance to NCAs in ensuring that consideration is given to whether the business plan that an applicant firm has provided within its programme of operations offers sufficient information about what the firm is planning to do and how and where it will operate in accordance with MiFID requirements.

### Conflicts of Interest

The Q&As also consider issues around conflicts of interests, particularly in relation to firms providing CFDs or other speculative products by dealing on own account where there is a direct correlation between the profit or loss made by the client and the profit or loss made the firm. ESMA notes that the extent of the conflict of interest and the ability of the firm to manage it will be impacted by the firm's business model and that this should be a key area of focus by the NCA. It draws a distinction between circumstances where the firm is a direct counterparty of its client but then hedges its exposure, and situations where the firm does not hedge (or only partially hedges) such exposure.

Finally, the Q&A considers online platforms that remunerate sales staff based on the volume and value of CFD transactions executed by retail clients on the platform. ESMA states that pursuant to its guidelines on remuneration policies and practices under MiFID, it is unlikely that such firms could in such cases demonstrate compliance with MiFID conduct of business or conflict of interest requirements. It goes on to provide examples of good and bad practices in the design of remuneration policies and practices under MiFID in the context of the provision of CFDs and other speculative products.

---

<sup>10</sup> <https://www.esma.europa.eu/press-news/esma-news/esma-publishes-new-qa-cfds-and-other-speculative-products>

## Upcoming Events

### Final Department of Labor Fiduciary Rule

The final fiduciary rule adopted by the Department of Labor in April 2016 (the “DOL Rule”) will have a major impact on broker-dealers whose clients include retirement plans and IRAs. Our presentation will discuss:

- What actions will cause you to be deemed a fiduciary under the DOL Rule;
- What are the consequences of being deemed a fiduciary;
- The exclusion for dealing with certain institutional or professionally managed retirements accounts;
- Scope and requirements of the Best Interests Contract exemption (“BIC”);
- Scope and requirements of the Principal Exemption;
- Special requirements for proprietary products; and
- Implications for future compliance.

#### Speakers:

- Paul Borden, Morrison & Foerster LLP
- Hillel T. Cohn, Morrison & Foerster LLP

The teleconference will take place on **May 4, 2016**, from 2:00 p.m. – 3:00 p.m. EDT.

For more information, or to register, please [click here](#).

### Structured Products Breakfast Briefing: Getting to grips with Priips

Structured Products’ breakfast briefing will address the key issues that firms should be focusing on, and examine the range of approaches being taken in the market to prepare.

Partner Peter J. Green will speak on a panel entitled “PRIIPs regulation and impact on the structured products market in the EU.” Topics will include:

- Product descriptions;
- Updates of KIDs;
- MRM and the categorization of PRIIPs;
- Performance scenarios; and
- Compliance deadline & grandfathering.

The seminar will take place on **May 5, 2016**, in London, U.K. from 8:30 a.m. – 10:30 a.m. BST.

For more information, or to register, please [click here](#).

---

## Announcing our *Structured Thoughts* LinkedIn Group

Morrison & Foerster has created a LinkedIn group, *StructuredThoughts*. The group will serve as a central resource for all things Structured Thoughts. We have posted back issues of the newsletter and, from time to time, will be disseminating news updates through the group.

To join our LinkedIn group, please [click here](#) and request to join or simply e-mail Carlos Juarez at [cjuarez@mofo.com](mailto:cjuarez@mofo.com).

---

### Contacts

Lloyd S. Harnetz  
New York  
(212) 468-8061  
[lharnetz@mofo.com](mailto:lharnetz@mofo.com)

Anna T. Pinedo  
New York  
(212) 468-8179  
[apinedo@mofo.com](mailto:apinedo@mofo.com)

Bradley Berman  
New York  
(212) 336-4177  
[bberman@mofo.com](mailto:bberman@mofo.com)

Peter J. Green  
London  
44 (20) 79204013  
[pgreen@mofo.com](mailto:pgreen@mofo.com)

---

For more updates, follow Thinkingcapmarkets, our Twitter feed: [www.twitter.com/Thinkingcapmkts](http://www.twitter.com/Thinkingcapmkts).

Morrison & Foerster was named the 2016 **Equity Derivatives Law Firm of the Year** at the *EQDerivatives* Global Equity & Volatility Derivatives Awards. Morrison & Foerster was also shortlisted for **2016 Americas Law Firm of the Year, US Law Firm of the Year – Transactions**, and **US Law Firm of the Year – Regulatory** by *GlobalCapital* for its Americas Derivatives Awards. In 2015, Morrison & Foerster was named **Best Law Firm for Derivatives – US** by *GlobalCapital* at its Americas Derivatives Awards.

Morrison & Foerster has been named **Structured Products Firm of the Year, Americas** by *Structured Products* magazine six times in the last ten years. See the write-up at <http://www.mofo.com/files/Uploads/Images/120530-Americas-Awards.pdf>. Morrison & Foerster named **Best Law Firm in the Americas, 2012, 2013, 2014 and 2015** by *Structured Retail Products.com*.

**About Morrison & Foerster**

We are Morrison & Foerster—a global firm of exceptional credentials. Our clients include some of the largest financial institutions, investment banks, Fortune 100, technology, and life sciences companies. We've been included on *The American Lawyer's* A-List for 12 straight years, and *Fortune* named us one of the "100 Best Companies to Work For." Our lawyers are committed to achieving innovative and business-minded results for our clients, while preserving the differences that make us stronger. This is MoFo. Visit us at [www.mofo.com](http://www.mofo.com). © 2016 Morrison & Foerster LLP. All rights reserved.

*Because of the generality of this update, the information provided herein may not be applicable in all situations and should not be acted upon without specific legal advice based on particular situations.*