Subject: FW: Launched: [13.0]% p.a. Callable Yield Note with Contingent Coupon
From: Stewart Oldfield <[redacted]>
Date: Wed, 07 Feb 2018 17:17:56 -0500
To: Martin Zeman [redacted]

Maybe better to have a call to discuss. I'm happy to be on that. If he wants certainty of call under specific circumstances, need to structure as an autocall, but yield will be slightly lower

From: Paul Barrett [mailto:[redacted]]
Sent: Wednesday, February 07, 2018 5:14 PM
To: Martin Zeman [redacted]
Cc: Stewart Oldfield <[redacted]>; Xavier Avila [redacted]; Vahe Stepanian <[redacted]>; Joshua Shoshan [redacted]>; Davide-A Sferrazza [redacted]
Subject: RE: Launched: [13.0]% p.a. Callable Yield Note with Contingent Coupon

When do you think the issuer calls it? What conditions are necessary?

Paul Barrett

Alpha Group Capital LLC

142 W 57th Street, 11th Floor, New York, NY 10019

646-876-5277 (o) [redacted]

[redacted]

From: Martin Zeman [mailto:[redacted]
Sent: Wednesday, February 07, 2018 11:58 AM
To: Paul Barrett <[redacted]>

Cc: Stewart Oldfield <[redacted]>; Xavier Avila <[redacted]>; Vahe Stepanian <[redacted]>; Joshua Shoshan <[redacted] Davide-A Sferrazza <[redacted]
Subject: Launched: [13.0]% p.a. Callable Yield Note with Contingent Coupon

Paul,

Did you see this note we are issuing this week? Let's talk about it after lunch, and also about the rates trade.

Martin

Good morning,

We are launching a 2 year Callable Yield Note (CYN) with Contingent Coupons for broad subscription through Friday, February 9, 2018 at 10 AM ET. The note is available to clients with either a DPM or DBSI brokerage account. See a summary of terms below.

The CYN is one of the best ways for investors to take advantage of increased volatility – we've seen the issues with XIV and SVXY, while trading in VXX can be difficult to time and should only be for short-term positions. With the CYN you don't need the foresight to invest prior to volatility going up – pricing continues to look good as long as implied volatility remains elevated.

Callable Yield Note Overview: Callable Yield Notes with Contingent Coupon are considered equity alternatives, which pay a coupon on a quarterly basis, provided none of the underlying indexes breach the pre-defined coupon barrier during any quarter (observed daily, on closing index levels). On final valuation day, if the performance of the least performing underlying index closes below the final barrier, investors will incur a loss of principal that is proportionate to the decline of that underlying index (max loss potential 100%). The issuer has the right to call the notes at par on a quarterly basis. All note terms, including coupon payments, and final redemption payment, are subject to the solvency of the note issuer, which for this offering is JP Morgan.

Link to: Offering Materials

Link to: Client Approved Educational Fact Sheet for the Callable Yield Notes with Contingent Coupon

Offering Summary: Callable Yield Note with Contingent Coupon

Issuer:

JP Morgan

Trade Date:

February 9, 2018, orders by 10 AM ET

Maturity:

2 years

Coupon:

At least 13.0% p.a., paid each quarter in which no barrier breach occurs. Coupon rate determined on trade date

Callable Feature:

Callable quarterly at issuer discretion, at par

Underlying:

Least performing of S&P 500 (SPX), Russell 2000 (RTY) and EURO STOXX 50 (SX5E)

Coupon Barrier:

75% of initial index levels (-25% decline), observed daily at close. Coupon will be lost in any quarter where the least performing index breaches the barrier

Final Reference

Barrier:

75% of initial index levels (-25% decline), observed on the final valuation date. If the barrier is breached by any underlying, full downside risk of least performing index (100% loss potential), otherwise full return or principal.

Initial Index Levels:

S&P 500 & Russell 2000 and EURO STOXX 50 set on 2/9/18 close

Fees:

Target 1.50% up-front

Product Risk Categorization: Callable Yield Notes with Contingent Coupon are categorized as Product Risk Level 3, "Contingently Protected Notes." Product Risk Level categorizations 1-4 are detailed on the Structured Products Agreement & Approval Form (DBTCA & DBSI versions enclosed), which, prior to any purchase of a structured product, must be completed by the client.

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