



Equity Derivatives



## Core strengths

Simmons & Simmons works with investment banks and their clients – who include investment funds such as hedge funds, pension funds and regulated funds as well as corporates – in advising on a wide range of equity derivative transactions that require the highest level of regulatory and tax advice as well as the latest product knowledge.

Our equity derivatives practice, which includes expertise in fund linked products, is part of our international financial markets practice; comprising of more than 200 lawyers worldwide, we have a thorough understanding of all aspects of the international financial markets.

## Our services

The firm has a dedicated derivatives group, whose principal objective is to ensure that our lawyers remain at the forefront of product technology and legal issues in the derivatives market. This is particularly important as equity and fund linked derivative products and market practice rapidly evolves, and in the restructuring and unwinding of complex transactions. Many of our lawyers have direct experience of working on the equity derivative desks of leading investment banks.

We advise on a full range of equity derivative products, whether in OTC, securities or fund format, from innovative highly-structured transactions to high volume products, and we have particular recent experience in the following areas:

- emerging market equity linked transactions and access products
  - exotic products including fund linked derivatives including fund of funds products and leverage products
  - CPPI, proprietary indices and strategy products
  - hybrid products combining equity, commodities and rates features
  - repackaging, asset backed and collateralised equity linked issues
  - equity derivatives in mergers and acquisitions
  - total return swaps and hybrid products involving TRS and secured lending facilities
  - exchange traded funds
  - equity options agreements
  - CFD and equity swaps master confirmations
  - Islamic equity linked products.
- derivative warrants, including establishing issuance programmes
  - equity, fund and index linked notes including capital protected and leveraged products
  - equity, fund and index linked certificates
  - European public offers of equity, index and fund linked securities

‘[The firm is] developing an “excellent structured credit and structured equity practice.”’

Chambers UK 2009, Capital Markets: Derivatives

“Highly knowledgeable across the entire market for structured products”

Chambers UK 2008, Capital Markets: Structured Finance & Derivatives

Ranked 2 for derivatives and structured products  
Legal 500, 2008

## Expertise in practice

For reasons of client confidentiality we are unable to disclose the names of a number of our clients.

### Equity linked notes

– advising some of the world's largest investment banks on a range of equity linked notes, either issued by our clients or arranged by them, and issued by third parties or SPVs, in each case on a standalone basis or under their MTN programmes.

– documenting MTNs for a broad range of third party MTN issuers for major investment banks.

– MTNs are typically linked to single shares or a basket of shares, a single index or a basket of indices (including the major equity indices) and/or equities and hybrid products with a variety of payouts, and include both listed (including listing on the Hong Kong, London, Irish and Luxembourg stock exchanges and unlisted securities).

### Derivative warrants and certificates

– advising international investment banks in connection with a wide range of equity, commodity and hybrid warrant and certificate issues.

– advising in respect of the establishment of warrant and certificate programmes.

### Retail structured products

– advising on offers of structured equity, index, fund and commodity linked notes, equity linked investments, certificates and warrants to retail investors in Hong Kong and across Europe including Belgium, Luxembourg, the Netherlands, France, Spain and Austria. We have also advised on public offers in Sweden, Norway, Finland and in Hungary. We have a leading German retail securitisation practice and represent some of the most active banks in that market.

### Fund linked derivatives / proprietary indices and strategies

– advising banks and investment managers on fund linked products (including fund of funds) providing synthetic exposure on shares in hedge funds.

– advising in connection with various structured hedge fund notes.

– advising in connection with sophisticated proprietary indices and strategy products linked to equities, rates and commodities as underlying references for securities and derivatives.

### Asset backed and collateralised equity linked securities

– advising in connection with the repackaging of hedge fund shares.

– advising in connection with the issue of notes secured on shares and convertible bonds.

– establishing asset backed securities programmes for equity linked products for retail and non-retail offerings.

### Emerging markets

– advising both arrangers and investors in connection with access products including notes and certificates with underlying stocks and indices in various jurisdictions including Russia, India, Korea, Taiwan, the PRC and countries in South America and Africa.

– advising on the equity aspects of financing transactions in emerging markets including Russia, the CIS and Africa.

### Islamic finance

– advising in connection with Shariah compliant structures and certificate issuance.

– advising in connection with Islamic fund products and Islamic derivatives.

### Equity derivatives master confirmations

– advising some of the world's largest hedge funds on the terms of their master confirmations, in relation to both CFDs/equity swaps and equity options. Master confirmations are now increasingly 'multi jurisdictional', requiring both local knowledge and wider market experience.

### Exchange traded funds

– advising in relation to the establishment of the iShares FTSE/Xinhua A50 China Tracker Exchange Traded Fund, listed on the Stock Exchange of Hong Kong.

– advising in relation to the establishment of the iShares MSCI China Tracker, the first commercial ETF in Hong Kong.

### Total return swaps

– advising a leading international investment bank on total return swap facilities and connected securities lending facilities.

– advising on various equity linked total return swap transactions.

### Funds of hedge funds

– advising funds of hedge funds on derivatives linked to underlying 'baskets' of hedge fund shares in the context of liquidity/financing facilities.

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