



**NATIXIS**  
SECURITIES NORTH AMERICA

**KICSDIRECT®**

Knock-In Reverse Convertible Securities  
Direct to the Broker-Dealer Community

This brochure is intended for use by broker-dealers and registered investment advisors only. Individual investors should discuss the products described in this brochure with their financial advisor.

# KICS DIRECT<sup>®</sup>

Knock-In reverse Convertible Securities Direct to the broker-dealer community

## Knock-In reverse Convertible Securities Direct to the broker-dealer community

Knock-In reverse Convertible Securities are short-term investments, generally 9 months to 1 year, which can generate a relatively high coupon in relation to other fixed-income investments over the same term. Coupons are generally in the range of 8% to 15%. At maturity, the investors receive either the original investment back in cash or a predetermined number of shares equal to the original investment divided by the share price on Trade Date.

The Knock-In feature, set generally 20% to 30% below the original stock price, provides a degree of protection for receiving 100% of the original investment if the underlying stock never breaches that level over the life of the transaction until maturity. If the Knock-In level is breached and the underlying stock value is not above Par at maturity the investor will receive shares that will be worth less than the original investment value. These securities are ideal for those looking for high current income while willing to take the risk the selected equity won't breach the Knock-In level.

Natixis Securities North America Inc. ("Natixis") works directly with the Broker-Dealer community and does not represent competition to the financial advisors of any broker-dealer as Natixis has no U.S. distribution. Natixis utilizes high credit quality issuers for distributing its KICS DIRECT<sup>®</sup> product. When working with Natixis, you are telling your clients they are getting pricing direct from a non-competing provider and from a high credit quality, U.S.-registered issuer.

### KICS DIRECT<sup>®</sup> Features

- High coupon (up to 20%) relative to fixed-income investments over the same term
- Protection of coupon yield if stock does not fall by a pre-determined level
- Pre-defined coupon payment paid over the life of the transaction until maturity
- Offer relatively high, steady current income regardless of the performance of the shares
- Short-term investment of 9 months to a year for increased investment flexibility

### Potential KICS DIRECT<sup>®</sup> Investors

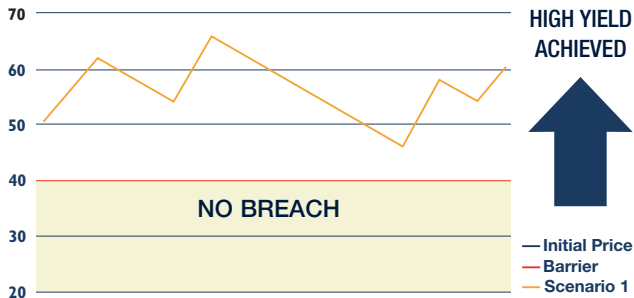
- Those who seek attractive higher coupon rates in consideration of the risk of holding the underlying shares
- Those who are comfortable with the protection level afforded for the underlying shares
- Those who are more interested in the yield generated over the upside of holding the underlying equity
- Those who know the securities are not principal protected and may be worth less than the original investment
- Those who understand the limited secondary market for the securities

## KICSDIRECT® Assumptions

<b>Security:</b>	12% KICSDIRECT® due in one year	<b>Investment:</b>	\$1,000
<b>Issuer:</b>	AAA or AA entity	<b>Initial Stock Price:</b>	\$50.00
<b>Maturity:</b>	One Year from Issue Date	<b>Protection Level:</b>	80% of Initial Stock Price (\$40.00)
<b>Underlying Shares:</b>	XYZ stock	<b>Share Redemption Amount:</b>	\$1,000 / \$50 = 20 shares
<b>Coupon:</b>	12% per annum		

### ■ Settlement Scenario 1

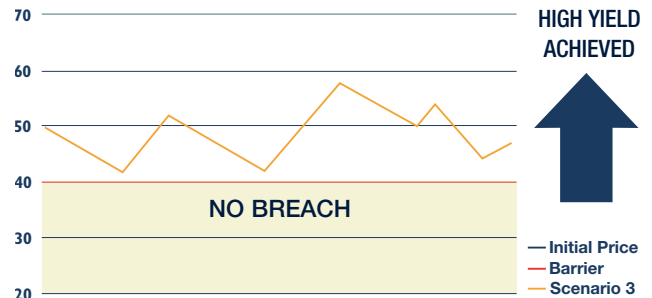
#### Stock up / Protection barrier NOT breached



**Natixis pays \$1,000 + Original Coupon of \$120**  
Client receives the high current income as desired.

### ■ Settlement Scenario 3

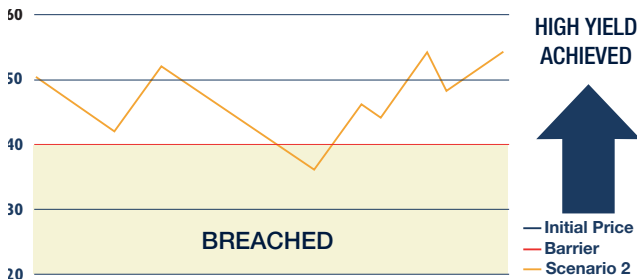
#### Stock down / Protection barrier NOT breached



**Natixis pays \$1,000 + Original Coupon of \$120**  
Client receives the high current income despite the stock falling, but not falling below the protection level.

### ■ Settlement Scenario 2

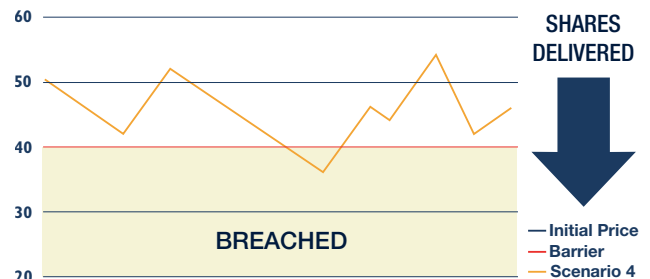
#### Stock up / Protection barrier breached



**Natixis pays \$1,000 + Original Coupon of \$120**  
Client receives the high current income despite the stock falling below the protection level.

### ■ Settlement Scenario 4

#### Stock down / Protection barrier breached



**Natixis pays the Original Coupon of \$120 + 20 shares of XYZ stock worth \$46 per share**  
Client receives the Share Redemption Amount of 20 shares at the price at maturity. Although the client receives shares worth less than the original investment, the client was better off owning KICSDIRECT® than owning the underlying shares.

## CONTACT INFORMATION

### Amanda Mentis

amanda.mentis@cm.natixis.com

Tel: 212.891.5798 - Fax: 212.891.6260

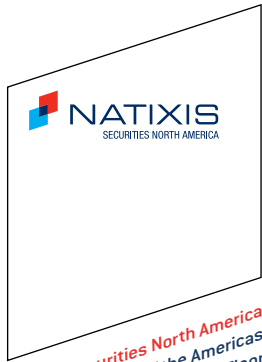
### Mark Caccavo

mark.caccavo@cm.natixis.com

Tel: 212.891.6283 - Fax: 212.891.6260

### Disclosure and Additional Considerations

*This material has been prepared for discussion purposes only and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or financial instrument or to participate in any trading strategy. No representation is made that it is accurate or complete. All terms and conditions are provided as indications only, should not be considered as binding or complete, and are subject to change without notice. All over-the-counter ("OTC") derivative transactions involve numerous risks including, among others, market risk, counterparty default risk, and illiquidity risk. In any discussion of a proposed transaction we would not act in any advisory capacity. We or our affiliates may from time to time otherwise trade instruments identical or economically related to, or have other commercial relationships with the issuer of a security or instrument underlying an OTC derivative entered into with you. Investors must be eligible to participate in transactions under applicable securities and commodities laws. For transactions involving "restricted" or "control" shares, entry into a transaction may be restricted by applicable securities laws and may be subject to short sale and/or insider trading restrictions. Before engaging in any OTC derivative, you should understand, and discuss with your professional tax, legal, accounting and such other advisor(s) as you deem appropriate, how such derivative may affect you. All transactions are executed through Natixis Derivatives Inc., an affiliated OTC derivatives dealer. THIS STATEMENT DOES NOT DISCLOSE ALL OF THE RISKS AND OTHER SIGNIFICANT ASPECTS OF OTC DERIVATIVES. NO TRANSACTION MAY BE ENTERED INTO PRIOR TO A CUSTOMER RECEIVING AND REVIEWING THE RELEVANT DISCLOSURE DOCUMENTS.*



**Natixis Securities North America**  
1345 Avenue of the Americas  
43<sup>rd</sup> Floor  
New York, NY 10105  
T: 212-891-6100  
F: 212-891-6260  
[www.sp.natixis.com](http://www.sp.natixis.com)