Please carefully read the information below which highlights the inherent risks of Exchange-Traded Notes ("ETNs"), as well as the considerations you should take into account when choosing these types of products for your portfolio.

Common mistakes surrounding Exchange-Traded Notes
Investors often confuse Exchange-Traded Funds ("ETFs") with ETNs. Although both products are considered to be Exchange-Traded Products ("ETPs") and, as such, they are traded on a securities exchange and can be purchased and sold throughout the day, the two products are quite different. It’s important to note that the “N” in ETNs stands for “Notes”. Understanding some key differences between the two could potentially prevent costly errors associated with investing in these types of products.

What are Exchange-Traded Notes?
ETNs are unsecured debt obligations of financial institutions, but they are very different from traditional corporate bonds. Unlike traditional corporate bonds, which pay a stated rate of interest, the return of an ETN is based upon the performance of a reference index or benchmark, minus any associated fees. Accordingly, they encompass a wide range of benchmarks and indices that each contains its own set of systematic and unsystematic risks. They do not pay interest to their holders, and instead, the issuer of an ETN promises to pay the holder of the ETN an amount determined by the performance of the underlying index or benchmark on the ETN’s maturity date, minus any fees the investor might incur for the purchase or sale of the security. ETNs vary in maturity dates and can range up to 40 years.

In addition to an ETN carrying market risk with respect to the associated benchmark or index that the note is tracking, ETNs carry the default risk of the issuer, which could affect the price of the ETN. Consequently, it is important to consider the credit rating of the issuer when investing in a particular ETN.

ETNs in the marketplace
ETNs are bought and sold on an exchange, like stocks or ETFs, throughout the day at a pre-determined price. Unlike an ETF, ETNs do not actually hold any underlying securities. ETN prices may fluctuate as a result of the underlining index or benchmark or issuer related activities that may inadvertently affect the price. An ETN’s closing indicative value, as well as its intraday indicative value, is distinct from an ETN’s market price.

In some instances, an issuer of an ETN can place size limitations and impose conditions on further sales of new notes. Suspending further sales of ETNs can potentially cause investors to pay a premium in relation to the indicative value of an ETN in the event of an ETN based supply demand. There is no assurance that a premium will be maintained, and as a result, an investor could potentially sell the note at discount for a loss.

Investors can also be subject to an early redemption of the note by the ETNs issuer. If an ETN is called for redemption, an investor would receive the ETN’s indicative value. An indicative value of an ETN is based on the underlying index or benchmark, minus any related fees or expenses incurred.

Researching an ETN’s issuer
It is important to be aware of the issuer’s credit rating and financial stability when purchasing an ETN. Investors can learn about public issuers, including an issuer’s operations and financial information, by using the SEC’s EDGAR Company Filings database, which can be found at www.sec.gov/edgar.

Leveraged and Inverse ETNs
Although though leveraged and inverse products are not regularly available to purchase at Oppenheimer & Co. Inc., it’s important to note that some ETNs can also be leveraged or inverse. These notes can track a benchmark or index in multiples, sometimes 2X, 3X or greater. For example, if a leveraged ETN is 2X, it will seek to pay twice the performance of the index that it tracks. Inverse ETNs offer to pay the opposite of leveraged ETNs, and will pay the inverse of the benchmark or index the note is tracking. A leveraged inverse ETN seeks to pay a multiple of the opposite of the performance of the index or benchmark that it tracks. Some leveraged, inverse or leveraged inverse ETNs are designed to achieve their stated performance objectives on a daily basis and “reset” their leverage or inverse exposure on a daily basis.
Due to the daily resetting of its leverage factor, an ETN that is setup to deliver twice the performance of a benchmark on a daily basis will not necessarily deliver twice the performance of that benchmark over longer periods, such as weeks, months or years. As a result of the effect of compounding, their performance over longer periods can differ significantly from the stated multiple of the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. Leveraged and inverse ETNs are generally designed to be short-term trading tools and are not intended for buy-and-hold investing.

**ETNs have unique risks**

It’s important to consider the unique characteristics and associated risks of ETNs, which risks include the following:

- **Credit Risk** ETNs are unsecured debt obligations of the issuer. If the issuer defaults on the note, investors may lose some or all of their investment. When making an investment in an ETN, it’s important to identify the solvency of the issuer and the ability of the financial institution to be able to make payments at the maturity of the note. Investors can view information on public companies by using the SEC EDGAR Search Tools, which may be found at www.sec.gov/edgar.

- **Market Risk** ETNs are market-linked: the value of an ETN is largely influenced by the value of the index it tracks. As an index's value changes with market forces, so will the value of the ETN in general, which change can result in a loss of principal to investors. Therefore, in addition to credit risk, an ETN subjects investors to market risk, which is generally not assumed by investors in traditional corporate debt. Also, investors should understand what the index being tracked by the ETN is measuring. For example, some indices reflect a dynamic trading strategy, whereas others are based on futures markets. Further, some indices reflect “total returns” while others may not. ETNs do not hold the underlying assets being tracked by the corresponding index. As a result, an investor will have no claim on any underlying assets.

- **Liquidity Risk** Although ETNs are exchange-traded, they do carry some liquidity risk. As with other exchange-traded products, a trading market may not develop. In addition, under some circumstances, issuers can delist an ETN. If this happens, the market for the ETN can dry up or evaporate entirely. There is no guarantee a secondary market will be made or maintained. In addition, an issuer can suspend further sales or new issuance of notes at any time. The lack of an active trading market or the halt of new shares made available to the market might negatively affect your ability to trade in and out of the ETN.

- **Price-Tracking Risk** ETNs, like other exchange-traded products, typically trade at prices that closely track their indicative values, but this might not always be the case. When trading in the secondary market, check market prices against indicative values, and be wary of buying at a price that varies significantly from closing and intraday indicative values. In some instances, the issuer can suspend the sale of notes, which could potentially cause the ETN to trade a premium, causing the investor to pay more than the indicative value that the note is tracking.

- **Holding-Period Risk** Some ETNs, particularly some leveraged, inverse and inverse leveraged ETNs, are designed to be short-term trading tools (with holding periods as short as one day) rather than buy-and-hold investments. Because of the effects of compounding, the performance of these products over long periods can differ significantly from the stated multiple of the performance (or inverse of the performance) of the underlying index or benchmark during the same period. The bottom line is that these positions need to be closely monitored.

- **Call, Early Redemption and Acceleration Risk** Some ETNs are callable at the issuer’s discretion. In some instances, ETNs can be subject to early redemption or an “accelerated” maturity date at the discretion of the issuer or one of its affiliates. Since ETNs may be called at any time, their value when called may be less than the market price that you paid or even zero, resulting in a partial or total loss of your investment.

- **Conflicts of Interest** There are a number of potential conflicts of interest between you and the issuer of these products. For example, the issuer of the notes may engage in trading activities that are at odds with investors who hold the notes (shorting strategies, for instance). Search the ETN's prospectus for any mention of "conflicts of interest" and evaluate whether these conflicts are worth the risk.

In sum, it’s important to ask questions. Who is the issuer? What index or benchmark does the ETN track? Is the ETN callable by the issuer? Does the ETN offer leveraged or inverse exposure to the underlying index or benchmark? What fees and costs are associated with the ETN? What are the tax consequences?

If you have questions regarding ETNs, or feel this type of investment may be inappropriate for your account, please contact your Financial Advisor or the Branch Office that serves your account.