



STOCK EXCHANGE			
Regulatory Information Circular			
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**Subject: TIERS Principal-Protected Minimum Return Trust Certificates**

**Information on the Notes**

ISE will begin trading TIERS Principal-Protected Minimum Return Trust Certificates, due January 5, 2009, issued by TIERS Principal-Protected Minimum Return Asset Backed Certificates Trust, Series Nasdaq 2003-12 (“TIERS”). The ticker symbol will be “SFH.WI” until regular way trading begins on June 24, 2003, when the ticker symbol will become “SFH”. Each \$10 principal amount of securities will be deemed a “Unit” for purposes of trading and transfer.

As more fully set forth in the Issuer’s Registration Statement (#333-89080) and Prospectus Supplement, the TIERS Certificates represent in aggregate the entire beneficial ownership interest in the assets of the TIERS Trust. The Certificates mature on January 5, 2009 and do not provide for earlier redemption by the holder. There is no assurance that any investment earnings will be earned by the Trust or that such earnings, if received, will be distributed to holders prior to the final scheduled distribution date. In the case of supplemental semi-annual distributions or in the case of the occurrence of certain other events described in the prospectus supplement, the Trust will make no other payments on the certificates until the final scheduled distribution date.

On the final scheduled distribution date, the holder will receive a payment per certificate equal to the sum of: (i) the principal amount of the certificate (\$10 per certificate) and (ii) an interest distribution amount based on the index return. The index return will be calculated by compounding the periodic capped returns, as determined over the term of the certificates. The index return allows participation in the first 5.5% of any appreciation in the value of the Nasdaq-100 Index every month.

The index return may not be less than 7% at maturity regardless of performance of the underlying index throughout the life of the TIERS.

**Principal Amount**

The principal amount of each certificate is \$10.

**Interest Distribution Amount**

Absent the occurrence of a term assets credit event or a default by the swap counterparty, on the final scheduled distribution date, the holder will receive for each certificate an interest distribution amount which will equal the product of:

$$\text{Principal Amount (\$10 per Certificate)} \times \text{Index Return}$$

The index return equals the compounded value of the periodic capped returns computed in the following manner, and is presented as a percentage:

$$[\text{Product of } (1.00 + \text{the periodic capped return}) \text{ for each reset date}] - 1.00$$

where the periodic capped return for any reset date (including the final scheduled distribution date) equals the following fraction, which is presented as a percentage:

$$\frac{\text{Ending Value} - \text{Starting Value}}{\text{Starting Value}}$$

Reset dates will be the 20th of each month, beginning July 20, 2003. The final reset date is expected to coincide with the final scheduled distribution date. The period between any two consecutive reset dates (or the issue date at the first reset date) is a reset period.

The Ending Value for any reset date other than the final scheduled distribution date means the value of the Nasdaq-100 Index at the close of the market on that reset date or, if that reset date is not an index business day, the value at the close of the market on the preceding index business day. The ending value for the final scheduled distribution date will be the average of the closing values of the Nasdaq-100 Index from and including the seventh scheduled index business day prior to the final scheduled distribution date to and including the second scheduled index business day prior to the final scheduled distribution date. The ending value for the final scheduled distribution date may, however, be calculated by reference to fewer than six or even a single days closing value. Additional and complete information regarding, can be found in the prospectus.

An "Index Business Day" is a day on which the New York Stock Exchange, the Nasdaq Stock Market and American Stock Exchange ("AMEX") are open for trading and the Nasdaq-100 Index or any Successor Index is calculated and published. The Calculation Agent may, in its discretion, add to (or delete from) the definition of "Index Business Day" any other major U.S. exchanges which commences to serve (or ceases to serve) as the primary exchange upon which a stock underlying the Nasdaq-100 Index trades or as an exchange upon which a futures contract, an option on a futures contract or an option contract relating to the Nasdaq-100 Index trades. All determinations made by the Calculation Agent shall be at the sole discretion of the Calculation Agent and shall be conclusive for all purposes and binding on the Company and the beneficial owners of the Certificates, absent manifest error.

The term Principal-Protected means that the principal investment in the Certificates is not at risk due to a decline in the Nasdaq-100 Index. "Principal-Protected" does *not* mean that a holder will receive a return of the principal investment in all cases. Under certain circumstances, losses realized on the assets of The Trust will be borne by the holders of the Certificates. In particular, upon occurrence of a term assets credit event or

a default by the swap counterpart, holders may receive less than the principal amount of the investment and no investment distribution amount.

### **The NASDAQ-100 INDEX**

The Nasdaq-100 Index is a modified capitalization-weighted index of 100 of the largest and most actively traded stocks of non-financial companies listed on the Nasdaq National Market tier of the Nasdaq Stock Market. The Nasdaq-100 Index was first published in January 1985 and includes companies across a variety of major industry groups.

Please note that an investment in the certificates does not entitle you to any ownership or other interest in the stocks of the companies included in the Nasdaq-100 Index.

### **Other Important Information**

The market value of SFH will depend substantially on the value of the Nasdaq-100 Index. Other factors which will likely affect the trading value of SFH are changes in interest rates, volatility of the Index, time remaining to maturity, the credit rating of the Issuer and dividend yields on the stocks comprising the Index.

The amount paid at maturity may be less than the return that could be earned on other investments and may even be less than the original invested amount.

For United States federal income tax purposes: (1) Certificates will be treated as equity interests in The Trust, (2) The Trust will be classified as a foreign corporation, (3) The Trust will not be treated as engaged in the conduct of trade or business in the United States and (4) the swap agreement should be treated as a notional principal contract. The Trust will be a passive foreign investment company for United States federal income tax purposes. In order to avoid punitive United States tax rules otherwise applicable to distributions on the Certificates, eligible U.S. purchasers of Certificates should make "qualified electing fund" elections on their income tax returns and file the related tax forms (IRS Form 8621) for every year that they hold the Certificates.

For additional information refer to the Prospectus Supplement and/or your tax professional.

The Issuer, the underwriter, and the swap counter-party are affiliates, and the swap counter-party is also the calculation agent for matters relating to the Certificates and the swap agreement. Potential conflicts of interest may exist between the calculation agent and Certificate holders.

Ownership of the Certificates will be maintained in book-entry form by or through The Depository Trust Company. Beneficial owners of the Certificates will not have the right to receive physical Certificates evidencing their ownership except under very limited circumstances.

Trading in the shares on ISE is on a UTP basis and is subject to ISE equity trading rules. The shares will trade from 8:00 a.m. until 5:00 p.m. Eastern Time. Equity Electronic Access Members ("Equity EAMs") trading the shares during the Extended Market Sessions are exposed to the risk of the lack of the calculation or dissemination of

underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

Equity EAMs also should review [NASD Notice to Members 03-71](#) for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

**This Regulatory Information Circular is not a statutory Prospectus. Equity EAMs should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.**

## Appendix A

<b>Ticker</b>	<b>Fund Name</b>	<b>CUSIP Number</b>
SFH	TIERS Principal-Protected Minimum Return Trust Certificates	G88 653 86 3