
From: Daniel Sabba [REDACTED]
Sent: 12/4/2014 2:55:49 PM
To: jeevacation@gmail.com
CC: [REDACTED]; Paul Morris [REDACTED]; Stewart Oldfield
Subject: Re: An oil idea [C]

Classification: Confidential

Jeffrey,

I had planned to discuss this idea with you at our call, but we ran out of time. We refreshed the original trade, whose market value is significantly up (mid level at \$1.74/bbl from \$0.75/bbl). The recent disruptions in WTI have caused transaction costs to increase (vol bid asks in vanilla options on that expiry have more than doubled). Therefore, while the idea was something we liked two weeks ago before the OPEC meeting, we don't think its risk reward is that attractive now given the increased transaction costs.

Regards,
Daniel

From: Daniel Sabba/db/dbcom
To: jeevacation@gmail.com,
Cc: [REDACTED]
Date: 11/21/2014 02:25 PM
Subject: An oil idea [C]

Classification: Confidential

Jeffrey,

We are working on ideas to articulate views we heard from clients relating to crude. Specifically, that crude will continue falling in the short time frame, but over the long run will rally. We found the following trade to be very interesting and offer attractive risk reward:

Long Dated Knock-In Call on WTI (CL1 Ref: 76)

Client buys a call option on CL1. Strike \$100/bbl.

Expiry: 14-Nov-18.

Option only knocks in if on any date before expiry, CL1 settlement price is below \$55/bbl

Offer price: \$1.12/bbl (mid at \$0.75/bbl)

For comparison, offer for vanilla \$100 call is \$4.30/bbl

If oil touches \$50 in the next 3 years and then goes to \$125, the option would have an intrinsic value of \$25, reaching over 20x payout.

Looking forward to connecting on this and other ideas.
Daniel

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