Jeffrey – to clarify, given Southern Financial would be long a 6m EURUSD digital put and short a 6m EURUSD digital call, if at expiry:

EURUSD is below 1.0750, Southern Financial would receive 100% payout (or EUR 2mm)

EURUSD is between the put and call strikes, Southern Financial would receive 0% payout

EURUSD is above 1.1845, Southern Financial would pay 100% (or EUR 2mm)

We will be back to you with 6m and 1y pricing on 1.05 strike put, premium neutral digital risk reversals.

Thank you,

Vahe

From: jeffrey E. [mailto:jeevacation@gmail.com]
Sent: Monday, June 29, 2015 3:20 PM
To: Vahe Stepanian; Richard Kahn; Paul Morris
Subject: Re: FW: Longer Dated EUR Downside (3y structures) [C]

what is 2 million euro payout mean

On Mon, Jun 29, 2015 at 1:19 PM, Vahe Stepanian [redacted] wrote:

Classification: **Confidential**

Jeffrey - 6m and 1y pricing on premium neutral, digital risk reversals are below per your request.

Please note these were priced with 2mm EURO payout.

1.1180 EURUSD spot ref

6m
Client buys 1.0750 digital put, European observation

Client sells 1.1845 digital call, European observation

Net premium: zero

1y

Client buys 1.0750 digital put, European observation

Client sells 1.2175 digital call, European observation

Net premium: zero

Compared this with vanilla risk reversals:

For 6m structure: 1.0750 / 1.1535 vanilla reversal is zero net premium

For 1y structure: 1.0750 / 1.1630 vanilla reversal is zero net premium