

Basket performance is sum of currency performance given by $USDCCY \text{ final} - USDCCY \text{ initial} / USDCCY \text{ final spot}$

Payout = $\text{Max}(0, \text{Basket Performance} - \text{Strike})$

Strike = 0.0% for ATMS and 2.5% for 2.5% OTMS

ATMS = At the money spot

OTMS = Out of the money spot

From: Vahe Stepanian

Sent: Monday, August 17, 2015 10:46 AM

To: 'jeffrey E.'

Cc: Daniel Sabba; Ariane Dwyer; Paul Morris; Stewart Oldfield; 'Richard Kahn'

Subject: FW: Trade ideas for shorting Asian currencies [C]

Classification: **Confidential**

Jeffrey - I'm following up on Rich's email below about shorting Asian currency. Given your CNH maturity last week, we thought it made sense to revisit CNH options.

Initially looked at premium neutral risk reversals, but given USD calls are nearly 4 vols over the puts, we decided to look at USDCNH call spreads instead.

Indicative pricing:

Spot ref = 6.444

SOFL buys Call, sells Call on USD/CNH in a Call Spread

Strikes 6.55 / 6.75

Notional: USD 50,000,000 USD

Expiry: Tue 17-Nov-2015 (3m)

Premium: SOFL pays 324,500 (USD 486,000:-161,500)

Premium Date: Wed 19-Aug-2015

SOFL buys Call, sells Call on USD/CNH in a Call Spread

Strikes 6.55 / 6.8

Notional: USD 50,000,000 USD

Expiry: Wed 17-Feb-2016 (6m)

Premium: SOFL pays 428,000 (USD 794,500:-366,500)

Premium Date: Wed 19-Aug-2015

SOFL buys Call, sells Call on USD/CNH in a Call Spread

Strikes: 6.55 / 7.10