
From: Andrew King [REDACTED]
Sent: 6/9/2016 11:38:57 AM
To: Stewart Oldfield [REDACTED]
Subject: FW: indication on WTI risk reversals [C]

Classification: **Confidential**

On Spectrum, max is 50% LTV or 1 turn of leverage (2x return function)

From: Stewart Oldfield
Sent: Wednesday, June 08, 2016 10:01 AM
To: Vahe Stepanian; Richard Kahn
Cc: Daniel Sabba; Joseph Dursi; Andrew King
Subject: RE: indication on WTI risk reversals [C]

Classification: **Confidential**

Please pass along any feedback on the pricing if you have it.

We are also working on the preferred request you sent. We have a manager that runs SMAs of preferreds for our clients that can be levered in a margin account. I think it could make sense for you to pursue a more diversified and active strategy in that space given the unique characteristics of each issue. It's likely the most straightforward way to get exposure. We just need to sort out what the margin release will be.

I don't see a good way for us to recommend specific preferred issues to you, but would happily look at leverage on a basket that you select.

On the structured note front, I haven't seen preferreds put into a levered note structure. If you just want levered exposure, margin or swap will be the cleanest way to do that. If you are looking for yield and aren't wed to buying preferreds, the notes structures can be useful there.

We will be back to you shortly.

Thanks

From: Vahe Stepanian
Sent: Tuesday, June 07, 2016 11:23 AM
To: Richard Kahn
Cc: Daniel Sabba; Stewart Oldfield
Subject: RE: indication on WTI risk reversals [C]

Classification: **Confidential**

Rich,

Please see below refreshed indications – these levels are not tradable. As previously mentioned, we heard back from our Credit Risk Management team and they would require 40% IA for the below transactions in cash or treasuries (i.e. approx. \$20mm on 1mm barrels of WTI).

Notional: 1mm barrels of WTI

WTI futures references:

CLU6 ref 50.90, option exp 17Aug16