
From: Xavier Avila [REDACTED]
Sent: 9/22/2017 8:50:35 AM
To: 'Paul Barrett' [REDACTED]; Martin Zeman [REDACTED]
CC: Vahe Stepanian [REDACTED]; Stewart Oldfield [REDACTED] Joshua Shoshan
Subject: RE: [/] FX Trade idea: Time to buy USDJPY FVA? [C]

Paul,

FVA is typically a forward delivered FX straddle, you buy (or sell) the fwd straddle at the preagreed spot price today. Before it settles you have no delta risk as strike not set, once it settles you have delta risk but typically you sell the straddle as you are only interested in the vol trade (typically) not delta. You decide spot what notional of the straddles you want to own (or sell) forward or you can also specify a vega notional. If you dont want to bother about delivery of straddle, we can also agree to cash settle the OTC contract at the delivery time although implied vol fixings dont really exist (last time I checked) so if you deliver and sell you manage the exit, you can also choose to do the exit with another bank if price better.

Vol swaps (unlike equity that trades Var swaps, FX standard is Vol Swaps) and Corr Swaps it's always cash settled, you buy or sell implied vol or corr vs the realised result, and yes we typically specify the OTC Contract as a linear payout of USD cash per % difference.

We also do FX options contingent on vol knock outs and even FVA, Vol Swaps, Corr Swaps contingent on delta (multi currency) knock outs. In FX literally there are very few things we cannot do in vol and corr space with very reasonable bid offers.

All FX we do is OTC except bits and pieces, so yes we need the ISDA and to double check you guys are up and running in the systems with all the extra docs we might need. We are working to it as quick as we can.

Thanks
Xavier

-----Original Message-----

From: Paul Barrett [REDACTED]
Sent: Friday, September 22, 2017 08:15 AM Eastern Standard Time
To: Martin Zeman
Cc: Vahe Stepanian; Stewart Oldfield; Xavier Avila; Joshua Shoshan; Davide-A Sferrazza
Subject: Re: [/] FX Trade idea: Time to buy USDJPY FVA? [C]

Looks interesting.

Please clarify how DB looks at these. We assign a \$ value per point with a linear payout in 1yrs time?

ISDA required?

Paul

Paul Barrett
[REDACTED]