

Subject: FW: indication on WTI risk reversals [C]  
From: Andrew King <[REDACTED]>  
Date: Thu, 09 Jun 2016 15:04:21 -0400  
To: Stewart Oldfield <[REDACTED]>

Classification: Confidential

FYI

From: Vahe Stepanian  
Sent: Thursday, June 09, 2016 2:55 PM  
To: Andrew King  
Subject: RE: indication on WTI risk reversals [C]

Classification: Confidential

Andrew – not sure as we don't get this request too often. My initial thought is to wait and see if they have any feedback on your email first.

Don't want to spin AFS or Global Markets wheels if there isn't anything actionable.

Best,

Vahe

From: Andrew King  
Sent: Thursday, June 09, 2016 1:56 PM  
To: Vahe Stepanian  
Subject: FW: indication on WTI risk reversals [C]

Classification: Confidential

Vahe,

Are we able to do TRS on a SMA strategy or basked of preferreds? If not, maybe we should look at a TRS on a preferred index or ETF?

Open to other ideas you might have around getting leverage on preferreds.

From: Andrew King  
Sent: Thursday, June 09, 2016 11:38 AM  
To: Stewart Oldfield  
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 treasures (i.e. approx. \$20mm on 1mm barrels of WTI).

Notional: 1mm barrels of WTI

WTI futures references:

CLU6 ref 50.90, option exp 17Aug16

CLZ6 ref 51.75, option exp 16Nov16

CLH7 ref 52.15, option exp 15Feb17

Risk reversals on WTI - Indications

Southern financial buys calls and sells puts. Indications below are bid/ask per barrel on structure.

These are listed look-alike structures to be executed through Southern Financial's ISDA.

option exp 17Aug16

Future reference: CLU6

Call strike: 55

Put strike: 45

CLU6 55/45 fence 0.24/0.54

option exp 16Nov16

Future reference: CLZ6

Call strike: 55

Put strike: 45

CLZ6 55/45 fence 1.00/1.36

option exp 15Feb17

Future reference: CLH7

Call strike: 55

Put strike: 45

CLH7 55/45 fence 1.58/1.94

Thank you,

Vahe

From: Richard Kahn [mailto: [REDACTED]]  
Sent: Tuesday, June 07, 2016 8:32 AM  
To: Vahe Stepanian  
Cc: Daniel Sabba; Stewart Oldfield  
Subject: Re: indication on WTI risk reversals [C]

Yes

Thank you

From: Vahe Stepanian < [REDACTED] >  
Date: Tuesday, June 7, 2016 at 8:28 AM  
To: Richard Kahn < [REDACTED] >  
Cc: Daniel Sabba < [REDACTED] >, Stewart Oldfield  
< [REDACTED] >  
Subject: RE: indication on WTI risk reversals [C]

Classification: Confidential

Hi Rich – following up on the below. To make sure we're on the same page, please confirm he would like to see pricing on WTI risk reversals with a 55 strike call and 45 strike put out to expiries listed below?

EFTA01414904

Thank you,

Vahe

From: Richard Kahn [mailto: [REDACTED]]  
Sent: Monday, June 06, 2016 5:10 PM  
To: Vahe Stepanian  
Cc: Daniel Sabba; Stewart Oldfield  
Subject: Re: indication on WTI risk reversals [C]

tomorrow morning can you price 45 / 55 WTI reversals

i understand it may not be cashless however jeffrey would like to see that level of pricing

thank you

Richard Kahn  
HBRK Associates Inc.  
575 Lexington Avenue 4th Floor  
New York, NY 10022  
[REDACTED]

On May 31, 2016, at 11:01 AM, Vahe Stepanian < [REDACTED] > wrote:

Classification: Confidential

Rich,

Please see below refreshed indications – these levels are not tradable. We did not refresh the \$50 strikes as they are well in the money now. Further, 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 50.75, option exp 17Aug16

CLZ6 ref 51.65, option exp 16Nov16

CLH7 ref 52.00, option exp 15Feb17

Premium neutral risk reversals on WTI - Indications

Southern financial buys calls and sells puts for zero net premium.

These are listed look-alike structures to be executed through Southern Financial's ISDA.

option exp 17Aug16

Future reference: CLU6

Call strike: 55

Put strike: 47.00

option exp 16Nov16

Future reference: CLZ6

Call strike: 55

Put strike: 48.90

option exp 15Feb17

Future reference: CLH7

Call strike: 55

Put strike: 49.85

Thank you,

Vahe

From: Richard Kahn [mailto: ]  
Sent: Tuesday, May 31, 2016 10:17 AM  
To: Daniel Sabba; Vahe Stepanian  
Subject: Re: indication on WTI risk reversals

can you please refresh attached quote

thank you

Richard Kahn  
HBRK Associates Inc.  
575 Lexington Avenue 4th Floor  
New York, NY 10022

[REDACTED]

On May 20, 2016, at 11:06 AM, Daniel Sabba <[REDACTED]> wrote:

Please note these are indications – these levels are not tradable. We need Credit Risk sign off, assessment of any potential credit charges and initial amounts before trading. Any credit charges would impact these indications.

Notional: 1mm barrels of WTI

WTI futures references:

CLU6 ref 49.55, option exp 17Aug16

CLZ6 ref 50.00, option exp 16Nov16

CLH7 ref 50.20, option exp 15Feb17

Premium neutral risk reversals on WTI - Indications

Southern financial buys calls and sells puts for zero net premium.

These are listed look-alike structures to be executed through Southern Financial's ISDA.

option exp 17Aug16

Future reference: CLU6

Call strike: 55

Put strike: 45

Call strike: 50

Put strike: 49.75

option exp 16Nov16

Future reference: CLZ6

Call strike: 55

Put strike: 45.90

Call strike: 50

Put strike: 50.4

option exp 15Feb17

Future reference: CLH7

Call strike: 55

Put strike: 46.50

Call strike: 50

Put strike: 51

Daniel Sabba

Deutsche Bank Securities Inc.

[REDACTED]

[REDACTED]

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