

Subject: Follow-up  
From: Nadean Novogratz <[REDACTED]>  
Date: Thu, 26 Jul 2018 17:01:05 -0400  
To: Paul Barrett <[REDACTED]>  
Cc: Martin Zeman <[REDACTED]>,  
Stewart Oldfield <[REDACTED]>,  
Xavier Avila <[REDACTED]>,  
Davide-A Sferrazza <[REDACTED]>,  
Devin Anderson <[REDACTED]>

Hi Paul,

Great to meet you over the phone today and discuss our derivatives offerings / market color. As mentioned, Southern Financial is fully onboarded to trade OTC equity derivatives here. We've reviewed our docs for listed options and just need 2 simple forms completed (attached). They are pretty straight forward but we're here to answer any questions on them that you have.

Per Devin's comments on short-term upside, below are charts that compare SPY ATM vs 2% out of the money upside in the near-term experies. Vols are in the 8v range for the 2% OTM calls and as you can see for the next four weeks term structure is flat. We've continued to see the spot up / vol up correlation remain positive and if this theme continues, now is a good entry level into buying inexpensive vol.

SPY ATM Calls:

SPY 2% Upside Calls:

Kind regards,

Nadean

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Nadean Novogratz

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