

Subject: RE: Southern Financial and Southern Trust ISDA/CSAs [I]
From: Roddy Moore <[REDACTED]>
Date: Tue, 14 Jul 2015 17:11:07 -0400
To: Vahe Stepanian <[REDACTED]>, Troy-D Williams <[REDACTED]>
Cc: Paul Morris <[REDACTED]>, Stewart Oldfield <[REDACTED]>, Daniel Sabba <[REDACTED]>, Ariane Dwyer <[REDACTED]>, Andrew Xu <[REDACTED]>

I'll take a look. Have you confirmed whether an increased limit fits within the confines of what Compliance/Rep Risk have approved?

Roddy Moore

Credit Risk Management

Deutsche Asset & Wealth Management

(P) [REDACTED]

From: Vahe Stepanian
Sent: Tuesday, July 14, 2015 5:08 PM
To: Roddy Moore; Troy-D Williams
Cc: Paul Morris; Stewart Oldfield; Daniel Sabba; Ariane Dwyer; Andrew Xu
Subject: RE: Southern Financial and Southern Trust ISDA/CSAs [I]

Classification: For internal use only

Roddy – today we received an updated financial statement (FS) for the Southern Financial relationship per our conversation last week.

I've attached the FS here (last attachment), as well as the brokerage and checking account statements which demonstrate the client's liquidity and verify the details on the FS that was provided.

Note we also spoke to the client today who clarified a few items:

- FS is as of June 30, 2015
- Southern Trust owns Southern Financial, which owns the Haze Trust
- Southern Financial's brokerage account (x804) is represented in the FS as the "Managed investment accounts, at cost". Note that there is over \$40mm in cash in that account.
- "Due from brokers" line item in Haze is cash (i.e. ~\$47mm)

We would like to explore increasing NOP limits for both Southern Trust and Southern Financial.

Please give us a call should you have any questions.

Thank you,

Vahe

From: Vahe Stepanian
Sent: Tuesday, July 07, 2015 4:27 PM
To: Roddy Moore; Troy-D Williams
Cc: Paul Morris; Stewart Oldfield; Daniel Sabba; Andrew Xu
Subject: RE: Southern Financial and Southern Trust ISDA/CSAs [I]

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Roddy – I have requested updated financials from the client per our conversation.

We will send along once received.

Thank you,

Vahe

From: Roddy Moore
Sent: Tuesday, July 07, 2015 10:43 AM
To: Vahe Stepanian; Troy-D Williams
Cc: Paul Morris; Stewart Oldfield; Daniel Sabba; Andrew Xu
Subject: RE: Southern Financial and Southern Trust ISDA/CSAs [I]

We're going to need updated financials to amend the CSA.

From a process perspective, we'll review the financials with the ask in mind and determine if the ask is supported by what we see. If so, then we submit the request for the amendment. If not, then we'll let you know what we're comfortable with. If we can come to an agreement, then we submit the request for the amendment.

Keep in mind that we consider each entity separately. Meaning... If SF wants \$100MM, then the SF balance sheet needs to support \$100MM. Thanks.

Roddy Moore

Credit Risk Management

Deutsche Asset & Wealth Management

(P) [REDACTED]

From: Vahe Stepanian
Sent: Tuesday, July 07, 2015 10:28 AM
To: Troy-D Williams; Roddy Moore
Cc: Paul Morris; Stewart Oldfield; Daniel Sabba; Andrew Xu
Subject: Southern Financial and Southern Trust ISDA/CSAs [I]

Classification: For internal use only

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Troy/Roddy – we are following up on our conversations last week regarding Southern Financial and Southern Trust’s existing ISDAs with Deutsche Bank. As mentioned, the CSAs currently have USD 40mm and USD 10mm “Tier I Ceiling Limit” respectively (ISDA/CSAs are attached). The client has requested that we increase Southern Financial LLC’s Tier I Ceiling Limit to USD 100mm.

On Thursday 7/2/15, Southern Financial sold EURUSD calls to offset the cost of purchasing EURUSD puts, which required that SFLLC post collateral. Per the STG FX desk, given the size of the sold calls (EUR 75mm notional), Southern Financial is using up a significant portion of its’ current Tier 1 capacity per the CSA. Given the client has already indicated that he may wish to add to his positions, we would like to understand the process by which we can amend the CSA to grant the client additional capacity.

Back in November 2014 (<1y), we received the attached updated financials from the client by which DB drafted a Global Master Repurchase Agreement (GMRA). If possible, can we leverage these financials to revise the client’s existing ISDA and/or CSA? The financials indicate that between the two entities, the client has > \$105mm of cash and cash equivalents.

Thank you,

Vahe

Vahe Stepanian

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