

Subject: Re: DB Initial Margin Segregation [C]
From: Paul Barrett <[REDACTED]>
Date: Wed, 19 Sep 2018 20:04:45 -0400
To: Davide-A Sferrazza <[REDACTED]>
Cc: Stewart Oldfield <[REDACTED]>,
Martin Zeman <[REDACTED]>,
Liam Osullivan <[REDACTED]>

Got it. Thanks.

Paul Barrett

Alpha Group Capital LLC

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[REDACTED] (o) [REDACTED] (c)

On Sep 19, 2018, at 6:26 PM, Davide-A Sferrazza <[REDACTED]>
wrote:

> Classification: Confidential

Paul,

I tried reaching out last week regarding the attached notice that you received, but was not able to reach you. Today it struck me that I had not connected with you yet on this topic.

I spoke with our Credit and Legal departments about whether this has any effect on Southern Financial's accounts – the short answer is that you can disregard.

The long answer is that per the CFTC rules, you have the option to segregate initial margin by having it held in an account with a third part bank/-custodian. Since the collateral for Southern Financial sits in an account

custodied with Pershing, you are already receiving this treatment. The notice would really only apply if collateral was held directly with DB Global Markets' collateral department, which is not the case for most WM clients.

Please feel free to reach out if you have any further questions, and we'll be happy to address.

Regards,
Davide

<image001.gif>

Davide Sferrazza
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