Subject: Pinehurst "Russell 3000" Collateralized Note
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Paul, this is the rationale and economics Collateralized Note that we discussed today.

We can get in a call next week with the experts if you want to understand the collateralization mechanism and the legal enforceability issues.

I can also send you the Prospectus before any trade and you can take a read, but it's 200 pages long and I need to get compliance approval first.

So let's discuss next week and see what you think.

Thanks and have a good weekend.

Xavi

Pinehurst "Russell 3000" Collateralized Note

Rationale

- Client earns yield on long cash position while taking secured DB credit risk by purchasing a Note issued by a bankruptcy-remote Entity (Pinehurst Securities SA Luxembourg)

- Entity will use the Note proceeds to purchase a fully-funded interest rate swap from DB, for which DB will pay Interest to the Entity; and DB will pledge collateral into a triparty account at Bank of New York Mellon secured in favor of the Entity. Collateral is adjusted daily to compensate for changes in the value of the pledged securities

- In the event of a DB default, the Entity takes possession of the collateral and liquidates it. The Note Buyer has credit risk to DB only insofar as the proceeds from collateral sale fail to exceed the value of DB's cash obligation to the Entity

- Interest paid at agreed intervals during term of the Note and at expiry Client redeems the principal cash amount

Indicative Economics

- Reg S Note with a maturity of 6 months with no early redemption features

- The yield will be a fixed rate equivalent to [6m Forward Fed Funds + 0.40%] to be fixed at the time of Note Issuance (currently around 1.85% annualized yield)

- DB will pledge as collateral 105% of the cash notional in the form of actively-traded equities from the Russell 3000

- Minimum Commitment per client of USD [5]mio

- Documentation: WM Brokerage Account and KCP Letter. Buyer reads and agrees to Note Prospectus

Trade Mechanics

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