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**From:** Tazia Smith [REDACTED]  
**Sent:** 6/10/2014 12:05:25 PM  
**To:** jeffrey epstein [jeevacation@gmail.com]  
**CC:** Rich Kahn [REDACTED]; Nav Gupta [REDACTED]; Vahe Stepanian [REDACTED]; Paul Morris [REDACTED]; Vinit Sahni [REDACTED]  
**Subject:** Fw: KCP Capital Markets Flash - You can buy 3x 105 S&P Call vs sell 1x 95Put - and still take money out

Classification: External Communication

Jeffrey -

Consider taking advantage of the skew that Nav identifies in his email below in the LISTED market (clearly, you can see levels on exchange) depending on your bull/bear views over next 3mos (or longer tenor - express or replace long risk). Example at current levels 3x1 ~105/95 3mo risk reversal:

SPX  
Spot ref 1949.40  
Sep Future ref 1948.50

SPX Sep 2050 call: \$6.50x\$7.50 (bbg)  
SPX Sep 1850 put: \$20.50x\$22.50 (bbg)

Buy 3 SPX Sep 2050 calls, Sell 1 SPX Sep 1850 put  
= Net Credit \$0.50/sh

Quote from exchange trader, not DB (Subject to market movement. As of 6/10/14)

Let us know your thoughts,  
Tazia

\* \*  
Non-Advisory Clients Only

Like the risk:reward here of this 1x3 - better than running outright long in S&P

Underlying : S&P  
Expiry : 3mth  
105 call is 9.1% vol mid ie 0.29% of notional (0.30% offer)  
95 put is 13.5% vol mid ie 0.95% of notional (0.95% bid)  
Mid Forward 99.60

Buy three 105 Calls against selling one 95 Put, net take out 5bp

I'd switch S&P longs into this - worst case S&P tanks and you have the same delta exposure as outright long. But if S&P rallies materially you have 3x the delta risk. Upfront rec a few bp.

Pls show to your clients - happy to price variations of this - let us know

Best,  
Nav

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