
From: Tazia Smith [REDACTED]
Sent: 11/15/2013 10:14:46 AM
To: jeevacation@gmail.com
CC: [REDACTED]; Vahe Stepanian [REDACTED]; Paul Morris [REDACTED]
Subject: USDcJPYp zero cost one-touch option... [C]
Attachments: pic00317.gif; pic23579.gif

Classification: Confidential

Jeffrey -

We know you're bearish yen vs. US dollar. As you've seen, there has been recent momentum in the JPY sell-off vs the USD since last Thursday's breakdown to a 97 handle. USDJPY is presently ~100.2. An at-the-money 1yr USDcJPYp presently costs ~4.6%. Instead of an outright, consider a zero-cost version where you owe a payment (\$18.7k in this lmm notional example) if lower levels (in this example 99, 98, 97) are touched (American barriers).

The structure below is zero cost, includes 3 knock-in payments that would total ~5.6%. If the one-touch levels are not touched and the current momentum continues, or if less than three of the one-touch levels are hit, then the at-the-money USDcJPYp you own is less expensive than an outright vanilla USDcJPYp. If all three one-touch levels hit, your call option is ~1% more expensive than an outright, and your break-even would be up above 105.8.

Please see below, look forward to your thoughts!

Best,

Tazia

Indicative levels only. Subject to market movement. Source: DB WM FX Sales, 11/15/13

Spot ref = 100.18

Approximate collateral would be \$50k

Leg 1: European Option Call
<Client> buys European USD Call on USD/JPY
Strike: 100.2
Notional: USD 1,000,000
Expiry: Mon 17-Nov-2014 (1y)
Settlement: Wed 19-Nov-2014
ZoneCut: NY
Premium: USD 46,000
Premium Date: Tue 19-Nov-2013

Leg 2: One Touch
<Client> sells One Touch on USD/JPY payout
Barrier: 99
Payout: USD 18,700
Payout Ccy: <PayCurrency>
Postpone Rebate: <PostponeRebate Y/N>
Expiry: Mon 17-Nov-2014 (1y)
Settlement: Wed 19-Nov-2014
ZoneCut: NY
Premium: USD -17,000
Premium Date: Tue 19-Nov-2013

Leg 3: One Touch
<Client> sells One Touch on USD/JPY payout
Barrier: 98
Payout: USD 18,700
Payout Ccy: <PayCurrency>