

From: Apurva Gupta [REDACTED]
Sent: 8/12/2014 7:47:56 AM
To: Tazia Smith [REDACTED]
CC: Nav Gupta [REDACTED]; Paul Morris [REDACTED]; Uzair Aqeel [REDACTED]; Vahe Stepanian [REDACTED]; Vinit Sahn [REDACTED]
Subject: Re: [C]
Attachments: pic02982.gif; pic14982.gif

Classification: Confidential

Hey Tazia

Following are the indicative levels on trades that Nav mentioned - from trader Ritvik Singh (for size \$50mm or lesser)

(Spot 6.1601; Fwd 6.2746, i.e. 101.86% of spot)

1y ATMS (6.1601) put: 0.276% / 0.38%

1y ATMF (6.2746) put: 1.039% / 1.174%

Uzair highlighted, one comment in choosing between the ATMF and ATMS puts would be that if the client picks the ATMF, although he has a larger up-front (1.174% vs 0.38%), he has a better break-even price (6.201 vs 6.137). So basically if spot goes nowhere in 1 years' time, he still ends up ITM on the trade.

1y ATMF / ATMF -2% put spread: 0.792% / 0.94%

Strikes: 6.2704 / 6.145

Put spread costs 20.3% lesser than the vanilla ATMF put (not great)

Max payout of 2.1m for premium of 1m

Not looking great. And if we try to bring the lower strike closer for more cheapening, the payout ratio falls below 2

1y ATMF / ATMF +3% call spread: 0.567% / 0.74%

Strikes: 6.2704 / 6.4585

Call spread costs 39.2% lesser than the vanilla ATMF call

Max payout of 4.1m for premium of 1m (quite acceptable)

Kind regards,
Apurva

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