

Subject: Re: Twitter follow-up - TRS + short calls [C]
From: Paul Morris <[REDACTED]>
Date: Tue, 20 Jan 2015 18:19:33 -0500
To: Daniel Sabba <[REDACTED]>

Classification: Confidential

Ok
Yes me and chip
Let's go through other names friday

From: Daniel Sabba
Sent: Tuesday, January 20, 2015 05:16 PM
To: Paul Morris
Subject: Re: Twitter follow-up - TRS + short calls [C]

Classification: Confidential

We spoke when he landed in florida.
Haven't traded yet. Following up tomorrow.
Can chip make on friday?

From: Paul Morris
Sent: Tuesday, January 20, 2015 06:12 PM
To: Daniel Sabba
Subject: Re: Twitter follow-up - TRS + short calls [C]

Classification: Confidential

Did he trade today
Seeing him friday

From: Daniel Sabba
Sent: Tuesday, January 20, 2015 09:44 AM
To: Jeffrey Epstein <jeevacation@gmail.com>
Cc: Vahe Stepanian; Richard Kahn <[REDACTED]>; Paul Morris
Subject: RE: Twitter follow-up - TRS + short calls [C]

Classification: Confidential

Jeffrey,

Wanted to follow-up with refreshed pricings for 1y options. TWTR Spot Ref:

36.56.

TRS: Previous levels still apply.

European Call options on TWTR:

Option Seller: Southern Financial LLC

Option Buyer: DB

Notional: 250,000 OTC Call

Expiry: 20-Jan-16

Strike: 100% of spot

Bid: 19.30% (Mid 19.50%)

Vol: 48.46%

Delta: 60%

Expiry: 20-Jan-16

Strike: \$40

Bid: \$5.67 (Mid \$5.74)

Vol: 47.68%

Delta: 53%

Note: The IA for long TRS and selling a \$40 call would be 38% instead of the 30% of the at the money call.

Best regards,

Daniel

From: Daniel Sabba
Sent: Friday, January 16, 2015 4:48 PM
To: Jeffrey Epstein
Cc: Vahe Stepanian; Richard Kahn; Paul Morris
Subject: Twitter follow-up - TRS + short calls [C]

Classification: Confidential

Jeffrey,

We could do this for 1mm shares of Twitter, indicatively. Twitter (TWTR) spot ref \$37.31.

Total Return Swap:

Swap Seller: DB

Swap Buyer: Southern Financial LLC

Ticker: TWTR

Size: 1mm shares

Tenor: 1yr / 2yr (same price)

Spread: 1mL+ 75bps (this spread is slightly worse than last time given DB expects to internalize less of the risk, so there would be more balance sheet consumption)

Resets: Monthly

Optional Early Termination: Applicable, 3 days (two-way)

European Call options on TWTR:

Option Seller: Southern Financial LLC

Option Buyer: DB

Notional: 1,000,000 OTC Call

Expiry: 19-Jan-16
Strike: 100% of spot
Bid: 19.35%
Vol: 48.60%
Delta: 60%

Expiry: 17-Jan-17
Strike: 100% of spot
Bid: 25.65%
Vol: 45.36%
Delta: 64%

Credit terms - IA:

· If you did both the TRS + short call as a package, IM would be 30% for either 1y or 2y expiries. Ignoring the difference of settlement dates for IA and premium, the premium received could make up for the IA paid. Settlement of IA is on trade date while settlement of premium is T+3.

· If you did the TRS by itself without selling calls, IA would be 40% for 1y and 50% for 2y.

Looking forward to discussing this in further details.

When can we chat? Shabbat is starting here so I will be out of pocket until sunset tomorrow night.

Daniel

Daniel Sabba
Key Client Partners

Deutsche Bank Securities Inc.

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Mobile [REDACTED]

Email [REDACTED]