

Subject: RE: Longer Dated EUR Downside (3y structures) [C] [I]
From: Vahe Stepanian <[REDACTED]>
Date: Tue, 30 Jun 2015 13:19:27 -0400
To: Paul Morris <[REDACTED]>
Cc: Daniel Sabba <[REDACTED]>, Ariane Dwyer <[REDACTED]>

Classification: For internal use only

Yes, we tried to call, but Leslie told Daniel this morning that he won't be available for a while.

From: Paul Morris
Sent: Tuesday, June 30, 2015 1:12 PM
To: Vahe Stepanian
Subject: RE: Longer Dated EUR Downside (3y structures) [C]

Do u need help reaching him

-----Original Message-----

From: Vahe Stepanian
Sent: Tuesday, June 30, 2015 09:18 AM Eastern Standard Time
To: jeffrey E.
Cc: Daniel Sabba; Ariane Dwyer; Paul Morris; Stewart Oldfield; Richard Kahn
Subject: RE: FW: Longer Dated EUR Downside (3y structures) [C]

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Jeffrey – per your request, we priced vanilla risk reversals with 1.04 and 1.05 strikes on the put leg. Pricing is for EUR 100mm notional.

1.1220 EURUSD spot ref

1) Expiry 6m

S0FL buys vanilla EUR put struck at 1.04

S0FL sells vanilla EUR call struck at 1.1835

Net premium: zero

2) Expiry 6m

S0FL buys vanilla EUR put struck at 1.05

S0FL sells vanilla EUR call struck at 1.1790

Net premium: zero

Thank you,

Vahe

From: jeffrey E. [mailto:jeevacation@gmail.com]

Sent: Tuesday, June 30, 2015 5:40 AM

To: Vahe Stepanian

Cc: Daniel Sabba; Ariane Dwyer; Paul Morris; Stewart Oldfield; Richard Kahn

Subject: Re: FW: Longer Dated EUR Downside (3y structures) [C]

great, how about the 6 month 105 and 104.

On Mon, Jun 29, 2015 at 5:15 PM, Vahe Stepanian <[REDACTED]> wrote:

Classification: Confidential

Jeffrey – per your request, we priced vanilla risk reversals with a 1.07 strike on the put leg.

Pricing is for EUR 100mm notional.

1.1250 EURUSD spot ref

3m

S0FL buys EUR put 1.07 strike

S0FL sells EUR call 1.1660 strike

Net premium: zero

6m

S0FL buys EUR put 1.07 strike

S0FL sells EUR call 1.1680 strike

Net premium: zero

Thank you,

Vahe

From: Vahe Stepanian

Sent: Monday, June 29, 2015 3:38 PM

To: Jeffrey Epstein

Cc: Daniel Sabba; Ariane Dwyer; Paul Morris; Stewart Oldfield; 'Richard Kahn'

Subject: RE: FW: Longer Dated EUR Downside (3y structures) [C]

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Jeffrey – to clarify, given Southern Financial would be long a 6m EURUSD digital put and short a 6m EURUSD digital call, if at expiry:

EURUSD is below 1.0750, Southern Financial would receive 100% payout (or EUR 2mm)

EURUSD is between the put and call strikes, Southern Financial would receive 0% payout

EURUSD is above 1.1845, Southern Financial would pay 100% (or EUR 2mm)

We will be back to you with 6m and 1y pricing on 1.05 strike put, premium neutral digital risk reversals.

Thank you,

Vahe

From: jeffrey E. [mailto:jeevacation@gmail.com]
Sent: Monday, June 29, 2015 3:20 PM
To: Vahe Stepanian; Richard Kahn; Paul Morris
Subject: Re: FW: Longer Dated EUR Downside (3y structures) [C]

what is 2 million euro payout mean

On Mon, Jun 29, 2015 at 1:19 PM, Vahe Stepanian <[REDACTED]> wrote:

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Jeffrey - 6m and 1y pricing on premium neutral, digital risk reversals are below per your request.

Please note these were priced with 2mm EURO payout.

1.1180 EURUSD spot ref

6m

Client buys 1.0750 digital put, European observation

Client sells 1.1845 digital call, European observation

Net premium: zero

1y

Client buys 1.0750 digital put, European observation

Client sells 1.2175 digital call, European observation

Net premium: zero

Compared this with vanilla risk reversals:

For 6m structure: 1.0750 / 1.1535 vanilla reversal is zero net premium

For 1y structure: 1.0750 / 1.1630 vanilla reversal is zero net premium

Thank you,

Vahe

From: Daniel Sabba

Sent: Monday, June 29, 2015 12:32 PM

To: 'jeffrey E.'

Subject: RE: Longer Dated EUR Downside (3y structures) [C]

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Looking into it.

From: jeffrey E. [mailto:jeevacation@gmail.com]

Sent: Monday, June 29, 2015 11:36 AM

To: Daniel Sabba

Subject: Re: Longer Dated EUR Downside (3y structures) [C]

what do six month levels look like and one year

On Mon, Jun 29, 2015 at 10:56 AM, Daniel Sabba <[REDACTED]> wrote:

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Jeffrey,

We wanted to flag an idea on long dated EUR downside. Digital Risk Reversals benefit from the high forwards, along with elevated levels of vols and skew. The following example is a premium neutral trade with observation at expiry.

1.1125 EURUSD spot ref

+485 3y swap points

3y 1.0750 / 1.3175 Digital risk reversal (zero net premium)

Client buys 3y Digital put struck at 1.0750, European observation

Client sells 3y Digital call struck at 1.3175, European observation

Net premium: Zero

We compared this with vanilla risk reversals – for a 3y structure, 1.0750 / 1.2300 vanilla reversal is zero net premium.

Please note the levels below are indications – please reach out for live levels.

Daniel

Daniel Sabba

Key Client Partners

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