Subject: RE: One idea for diverging policies - calls on global dispersion [C]
From: Caroline Kitidis <████████████████████████>
Date: Thu, 29 Jan 2015 15:33:58 -0500
To: Daniel Sabba <████████████████████>,
    Dario Schirald██████████████████████,
    Chip Packard <████████████████████████

Classification: Confidential

4 trades w this client over the past 3 weeks ! Now we need more of these
clients onboarded! Keep it up!

Kind regards,

Caroline Kitidis

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Caroline V. Kitidis
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- Americas
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From: Daniel Sabba
Sent: Thursday, January 29, 2015 3:27 PM
To: Dario Schiraldi; Caroline Kitidis; Chip Packard
Subject: Fw: One idea for diverging policies - calls on global dispersion [C]

Dario - this is the trade I mentioned to you earlier. Printed just now with Epstein 20 minutes after sending the email.

From: Daniel Sabba
Sent: Thursday, January 29, 2015 02:53 PM
To: jeffrey E. <jeevacation@gmail.com>
Cc: Vahe Stepanian; Richard Kahn <███████████████████>; Paul Morris
Subject: One idea for diverging policies - calls on global dispersion [C]

Jeffrey,

As we look at the world, the enormous dispersion of monetary and fiscal policies is obvious. One transaction we have used in the past to articulate this theme, and it trickling down to equity markets, are calls on dispersion. This is an OTC transaction in which a client pays a premium and receives a payout based on the average realized dispersion across global markets. It is a way to be economically short correlation and long volatility across markets, similarly to outperformance index options. I have plotted the historical 1y average realized dispersion between S&P500, EuroStoxx50, Nikkei, EEM and HSCEI to illustrate.

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Indicative Transaction Terms:

Client buys:	European Call on Dispersion, quanto USD
Dispersion Basket:	SPX, EEM, SX5E, HSCEI, NKY
Expiry:	18 Dec 2015
Strike:	ATMF (11.2%)
Offer:	2.4%

where

Final Payout = Notional * max(Average Realized Dispersion — Strike,0)

Average Realized Dispersion = Average(absolute value of Individual Dispersion for each Index i)

Individual Dispersion for Index i = Final Performance for Index i — Average Performance

Average Performance = average (Final Performance for each Index i)

Final Performance for Index i = (Final_level(i)/Initial_level(i) -1)

Please let us know when would be a good time to connect.

Regards,

Daniel

Daniel Sabba

Key Client Partners

Deutsche Bank Securities Inc.

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Email ███████████████