

From: Vahe Stepanian <[REDACTED]>
To: "jeffrey E." <jeevacation@gmail.com>
CC: Paul Morris <[REDACTED]>, "Richard Kahn" <[REDACTED]>, Ariane Dwyer <[REDACTED]>, "Stewart Oldfield" <[REDACTED]>, Daniel Sabba <[REDACTED]>
Subject: RE: Trade Recap - 01/27/2015 - Long TWTR on 1y TRS, Short TWTR 1y calls [C]
Date: Thu, 30 Jul 2015 14:09:35 +0000

Classification: **Confidential**

Jeffrey – [REDACTED] following up on Daniel's email below. The IA requirement would increase from 30% to 35% if you were to unwind the short TWTR call but maintain your long TWTR TRS. Note that the current requirement is 30% on the structure (i.e. both legs), but that you currently have sufficient excess in your collateral account to cover the extra 5% IA requirement.

Thank you,
Vahe

From: Daniel Sabba
Sent: Thursday, July 30, 2015 10:01 AM
To: 'jeffrey E.'
Cc: Paul Morris; 'Richard Kahn'; Vahe Stepanian; Ariane Dwyer; Stewart Oldfield
Subject: RE: Trade Recap - 01/27/2015 - Long TWTR on 1y TRS, Short TWTR 1y calls [C]

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Jeffrey, please see below offers to unwind the short call position only:

For TWTR reference of \$31.60 the cost to unwind is \$1.89/share with a delta of 32%. This assumes we work our execution and delta adjust price.

There will be a change in IA for the TRS once the call is unwound, as the IA of long TRS + short calls is lower than simply long TRS. We are waiting to hear back from our credit team on what this change would be and will advise.

Regards,
Daniel

From: Vahe Stepanian
Sent: Tuesday, January 27, 2015 5:50 PM
To: Daniel Sabba; jeffrey E.
Cc: Paul Morris; Richard Kahn
Subject: RE: Trade Recap - 01/27/2015 - Long TWTR on 1y TRS, Short TWTR 1y calls [C]

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Jeffrey – please find updated TWTR trade details below (inclusive of initial strike), along with attached termsheet.

Total Return Swap:
Swap Seller: DB
Swap Buyer: Southern Financial LLC

Ticker: TWTR
Size: 100,000 shares
Expiry: 1/27/2016
Spread: 1mL+ 75bps
Resets: Monthly
Optional Early Termination: Applicable, 3 days (two-way)
Commissions: \$0.03 per share in and out
Initial Strike: \$38.9662 (Gross) / \$38.9962(Net)

European Call options on TWTR:

Option Seller: Southern Financial LLC
Option Buyer: DB
Shares: 100,000
Notional: \$3,896,620.00
Type: Call
Style: European
Expiry: 1/27/2016
Strike \$38.9662
Premium client receives: \$728,278.28 (18.69%)

Thank you,
Vahe

From: Daniel Sabba
Sent: Tuesday, January 27, 2015 2:14 PM
To: jeffrey E.
Cc: Vahe Stepanian; Paul Morris; Richard Kahn
Subject: Trade Recap - 01/27/2015 - Long TWTR on 1y TRS, Short TWTR 1y calls [C]

Classification: **Confidential**

Jeffrey, per our phone conversation, Southern Financial LLC entered into the following transactions with Deutsche Bank AG, acting through its London branch. Southern Financial went long TWTR US through 1y TRS. Southern Financial went short TWTR US 1y European Calls struck at 100%. Initial strike on both transactions to be commercially reasonable VWAP until today's close. The Initial Margin on these transactions is 30% of Notional. Termsheet and official confirm to follow.

Total Return Swap:

Swap Seller: DB
Swap Buyer: Southern Financial LLC
Ticker: TWTR
Size: 100,000 shares
Expiry: 1/27/2016
Spread: 1mL+ 75bps
Resets: Monthly
Optional Early Termination: Applicable, 3 days (two-way)
Commissions: \$0.03 per share in and out
Initial Strike: commercially reasonable VWAP until today's close

European Call options on TWTR:

Option Seller: Southern Financial LLC
Option Buyer: DB
Notional: 100,000 OTC Call
Expiry: 1/27/2016
Strike: 100% of TRS Initial Strike

Bid: 18.69%

Regards,
Daniel

Daniel Sabba
Key Client Partners
Deutsche Bank Securities Inc.
Tel. [REDACTED]
Mobile [REDACTED]
Email [REDACTED]

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