

From: Daniel Sabba <[REDACTED]>
To: "jeffrey E." <jeevacation@gmail.com>
Subject: RE: Twitter follow-up - TRS + short calls [C]
Date: Tue, 27 Jan 2015 16:26:47 +0000

Classification: **Confidential**

You around to catch up?

From: Daniel Sabba
Sent: Monday, January 26, 2015 3:34 PM
To: 'jeffrey E.'
Subject: RE: Twitter follow-up - TRS + short calls [C]

Classification: **Confidential**

I am planning to. I have out of office meetings from 9-11am and from 2:30 to 4:30pm.

I am also free to chat now at work ([REDACTED]) or on my cell ([REDACTED]).

From: jeffrey E. [<mailto:jeevacation@gmail.com>]
Sent: Monday, January 26, 2015 3:26 PM
To: Daniel Sabba
Subject: Re: Twitter follow-up - TRS + short calls [C]

will you be in tomoorw?

On Mon, Jan 26, 2015 at 11:09 AM, Daniel Sabba <[REDACTED]> wrote:

Classification: **Confidential**

Hi Jeffrey – wanted to check if you like to follow-up on this matter. Regards, Daniel

From: Daniel Sabba
Sent: Thursday, January 22, 2015 5:21 PM
To: Jeffrey Epstein
Cc: Vahe Stepanian; Richard Kahn; Paul Morris; [REDACTED]
Subject: RE: Twitter follow-up - TRS + short calls [C]

Classification: **Confidential**

Jeffrey,

I wanted to share with you a draft confirmation on the TRS (attached). It addresses the dividend/reset/optional early termination points we discussed and clarifies any other potential issues.

Additionally, we priced long TRSs for GE and ConEd (without the sale of a call option). We could provide the same financing terms on a \$20mm notional equivalent (1mL+75bps, with \$0.03 commissions in and out). The IA for these names would be 20%. As discussed, you could use equities at a 50% haircut as this IA.

GE and ED have had high dividend history (GE has a 12m yield of 3.67% and ED, 3.60%).

Looking forward to discussing further.

Best regards,
Daniel

From: Daniel Sabba
Sent: Wednesday, January 21, 2015 3:22 PM
To: Jeffrey Epstein
Cc: Vahe Stepanian; Richard Kahn; Paul Morris
Subject: RE: Twitter follow-up - TRS + short calls [C]

Classification: **Confidential**

Jeffrey,

Per our chat yesterday, we wanted to follow-up on margin account rates for Southern Financial. They are 3mL+100bps on the borrowed amount.

We did a comparative analysis between doing the trade using TRS construct or margin account financing and would like to connect to discuss it with you.

Regards,
Daniel ([REDACTED])

From: Daniel Sabba
Sent: Tuesday, January 20, 2015 10:44 AM
To: Jeffrey Epstein
Cc: Vahe Stepanian; Richard Kahn; 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.
Tel. [REDACTED]
Mobile [REDACTED]
Email [REDACTED]

This communication may contain confidential and/or privileged information. If you are not the intended recipient (or have received this communication in error) please notify the sender immediately and destroy this communication. Any unauthorized copying, disclosure or distribution of the material in this communication is strictly forbidden.

Deutsche Bank does not render legal or tax advice, and the information contained in this communication should not be regarded as such.

--

please note

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of JEE

Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

This communication may contain confidential and/or privileged information. If you are not the intended recipient (or have received this communication in error) please notify the sender immediately and destroy this communication. Any unauthorized copying, disclosure or distribution of the material in this communication is strictly forbidden.

Deutsche Bank does not render legal or tax advice, and the information contained in this communication should not be regarded as such.