

From: Daniel Sabba <[REDACTED]>
To: "jeffrey E." <jeevacation@gmail.com>, Paul Morris <[REDACTED]>
CC: Stewart Oldfield <[REDACTED]>, Vahe Stepanian <[REDACTED]>, Ariane Dwyer <[REDACTED]>, "[REDACTED]" <[REDACTED]>
Subject: RE: bullish expression of single stocks [C]
Date: Wed, 10 Jun 2015 17:30:16 +0000

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Jeffrey – these are different structures. The payout of the worst-of note can't be replicated with vanilla options. Assuming the note is not called before expiry and coupon barriers are not met, it would allow you to get some downside protection (25% worst of barrier), and higher carry. 18m ATM calls on BK are at ~9-10% premium and AAPL at ~12-13% premium. This is for 18m, so average annualized premium carry is at around 7.5% vs. 10% of the note.

On the other hand, you would be investing in a callable BNP 18m note, which can be called at BNP's discretion and has different liquidity/credit/market parameters than long stock/short call.

These comparison points are non-exhaustive. Let us know if you would like to discuss further.

From: jeffrey E. [mailto:jeevacation@gmail.com]
Sent: Wednesday, June 10, 2015 11:50 AM
To: Daniel Sabba; Paul Morris
Subject: Re: bullish expression of single stocks [C]

why is this different or better than selling calls against the stock? ? no provision to call can change mind overnight no execution risk?

On Wed, Jun 10, 2015 at 10:14 AM, Daniel Sabba <[REDACTED]> wrote:

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[REDACTED]

Daniel Sabba
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Deutsche Bank Securities Inc.
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Email [REDACTED]

From: jeffrey E. [mailto:jeevacation@gmail.com]
Sent: Wednesday, June 10, 2015 10:13 AM
To: Daniel Sabba
Subject: Re: bullish expression of single stocks [C]

number to call?

On Wed, Jun 10, 2015 at 9:48 AM, Daniel Sabba <[REDACTED]> wrote:

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Jeffrey,

I called you back yesterday and left a message with Lesley. We had reached out to discuss using short dated structured notes to articulate constructive views on single name stocks. We priced the example below for AAPL and BK, and could do the same for your favorite names from the list we sent you last week (email below).

Sample transaction terms - 18mo Callable Yield Note

Issuer: BNP Paribas
Maturity: 18 months (callable after 3 months)

Underlying: Lesser of: Apple Inc (AAPL)
Bank of New York Mellon (BK)

Callable: Quarterly – at issuer's discretion
Contingent Coupon: **10.00%** p.a. subject to coupon barrier
Observed and paid quarterly
Coupon Barrier: 75% of initial strike observed quarterly
Principal Barrier: 75% of initial strike observed at maturity only

Description: The investor receives 2.50% per quarter (10% p.a.) if all (2) underlying stocks are above the coupon barrier on the quarterly observation date. The note is callable at the discretion of the issuer on each quarterly observation date. If not redeemed early, at maturity, the principal is at risk if one or more of the underlying stocks has a final strike below their principal barrier, with the investor being exposed to the return of the worst performing underlying stock. Settlement at termination can be either cash or physical.

Looking forward to discussing,
Daniel

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