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Subject: USDcJPYp zero cost one-touch option... [C]

Date: Fri, 15 Nov 2013 15:14:49 +0000

Inline-Images: unnamed; unnamed(1)

Classification: Confidential

Jeffrey -

We know you're bearish yen vs. US dollar. As you've seen, there has been recent momentum in the JPY sell-off vs the USD since last Thursday's breakdown to a 97 handle. USDJPY is presently ~100.2. An at-the-money 1yr USDcJPYp presently costs ~4.6%. Instead of an outright, consider a zero-cost version where you owe a payment (\$18.7k in this 1mm notional example) if lower levels (in this example 99, 98, 97) are touched (American barriers).

The structure below is zero cost, includes 3 knock-in payments that would total ~5.6%. If the one-touch levels are not touched and the current momentum continues, or if less than three of the one-touch levels are hit, then the at-the-money USDcJPYp you own is less expensive than an outright vanilla USDcJPYp. If all three one-touch levels hit, your call option is ~1% more expensive than an outright, and your break-even would be up above 105.8.

Please see below, look forward to your thoughts!

Best,

Tazia

Indicative levels only. Subject to market movement. Source: DB WM FX Sales, 11/15/13

Spot ref = 100.18

Approximate collateral would be \$50k

Leg 1: European Option Call

<Client> buys European USD Call on USD/JPY

Strike: 100.2

Notional: USD 1,000,000

Expiry: Mon 17-Nov-2014 (1y)

Settlement: Wed 19-Nov-2014

ZoneCut: NY

Premium: USD 46,000

Premium Date: Tue 19-Nov-2013

Leg 2: One Touch

<Client> sells One Touch on USD/JPY payout

Barrier: 99

Payout: USD 18,700

Payout Ccy: <PayCurrency>

Postpone Rebate: <PostponeRebate Y/N>

Expiry: Mon 17-Nov-2014 (1y)

Settlement: Wed 19-Nov-2014

ZoneCut: NY

Premium: USD -17,000

EFTA00707101

Premium Date: Tue 19-Nov-2013

Leg 3: One Touch

<Client> sells One Touch on USD/JPY payout

Barrier: 98

Payout: USD 18,700

Payout Ccy: <PayCurrency>

Postpone Rebate: <PostponeRebate Y/N>

Expiry: Mon 17-Nov-2014 (1y)

Settlement: Wed 19-Nov-2014

ZoneCut: NY

Premium: USD -16,000

Premium Date: Tue 19-Nov-2013

Leg 4: One Touch

<Client> sells One Touch on USD/JPY payout

Barrier: 97

Payout: USD 18,700

Payout Ccy: <PayCurrency>

Postpone Rebate: <PostponeRebate Y/N>

Expiry: Mon 17-Nov-2014 (1y)

Settlement: Wed 19-Nov-2014

ZoneCut: NY

Premium: USD -13,000

Premium Date: Tue 19-Nov-2013



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