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**Subject:** Long-dated SPX Options [C]

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**Attachments:** 2013-12-03\_US\_Derivatives\_Spotlight\_-\_The\_Compelling\_Case\_for\_Long-Dated\_SPX\_Calls.pdf

**Inline-Images:** unnamed

Classification: Confidential

Jeffrey,

Per our conversation, we wanted to send more details on long dated SPX Options. The piece attached is a review by our research team on the value proposition we discussed - long dated options being structurally cheap. Currently, long dated volatility is low for historical standards, around the 10%-ile (see graph/table below with data analysis for the last 7 years).

We have quoted 3y SPX calls for you, for a \$50mm notional

- Spot ref: 2044

- 3y Forward Ref: 2003 (98% of spot)

- 110% strike (2248.4) is offered at 7.16% (mid 6.95%)

- 120% strike (2452.8) is offered at 4.02% (mid at 3.83%)

### eDerivatives Historical Chart



Series Quantiles & Percentile Ranking							
	Cur.	%-ile					
	Val.	Rank	5%	25%	50%	75%	95%
S1	18.60	11.24	17.55	19.80	23.05	25.91	34.28
S2	17.07	9.80	16.18	18.34	21.31	24.23	32.88
S3	15.74	8.90	15.01	17.05	19.78	22.80	31.81

#### Legend

S1: SPX 36M-Maturity ATM-Strike Implied Volatility (LHS)  
S2: SPX 36M-Maturity 110%-Strike Implied Volatility (LHS)  
S3: SPX 36M-Maturity 120%-Strike Implied Volatility (LHS)

Source: DB eDerivatives

Best regards,  
Daniel

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