

Subject: Follow-up on AAPL TRS [C]
From: Daniel Sabba <[REDACTED]>
Date: Tue, 11 Nov 2014 11:32:19 -0500
To: jeevacation@gmail.com
Cc: Paul Morris <[REDACTED]>, Stewart Oldfield <[REDACTED]>, [REDACTED], Vahe Stepanian <[REDACTED]>

Classification: Confidential

Jeffrey,

It was great meeting you yesterday. Per our conversation, we liaised with the desk head in our institutional sales and trading platform for equity derivatives and confirmed the points we discussed yesterday:

- balance sheet charges are the primary driver of the price difference you observed between our quote and the one you received from competitors primarily funded in USD
- 1mL + 75bps for 1y TRS is the financing charge DB would charge an institutional client today (this refers to the financing charge, not commission schedule, as other clients might have different commission arrangements depending on their trading activity)
- our trading heads were not surprised competitors primarily funded in USD were offering a financing spread 20 to 30bps lower than DB's
- the trading desk can sometimes offer improvements on names they are axed (not the case for AAPL)

We also confirmed the following terms still work:

Notional: 1,000,000 shares of AAPL
Term: 1 year
Southern Financial receives: Total return in AAPL
Southern Financial pays: 1mL + 75bps
Commissions: 3 cents per share to enter and exit the trade. There is no additional break up fee.

Execution: We would suggest best efforts VWAP for execution

Best regards,
Daniel

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