

Subject: Re: does that work? should we add anything or take anything out? [I]
From: Daniel Sabba <[REDACTED]>
Date: Tue, 11 Nov 2014 10:23:10 -0500
To: Stewart Oldfield <[REDACTED]>
Cc: Paul Morris <[REDACTED]>

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funds would likely get a lower commission than 3 cents, depending on activity.
but JE has historically paid 6cents on his equity transactions.

having said that the bullet point refers to the financing charge, not the
commission.

would you change the language to represent that?

From: Stewart Oldfield/[REDACTED]

To: Daniel Sabba/[REDACTED], Paul Morris/[REDACTED],

Date: 11/11/2014 10:16 AM

Subject: Re: does that work? should we add anything or take anything out? [I]
I]

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Would we charge a hedge fund 3 cents execution? That seems a little rich

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Securities offered through Deutsche Bank Securities Inc.

----- Original Message -----

From: Daniel Sabba
Sent: 11/11/2014 09:57 AM EST
To: Paul Morris; Stewart Oldfield
Subject: does that work? should we add anything or take anything out? [I]
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Per our agreement, 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 a hedge fund or other institutional client today
- 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 - i.e. when the desk has counterparties interested in taking the other side of the TRS. AAPL is not one of these names

We can still offer the following terms:

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

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Daniel Sabba
Director | Key Client Partners

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