

Subject: RE: Southern Financial QIS index [I]
From: Stewart Oldfield <[REDACTED]>
Date: Wed, 08 Aug 2018 14:45:57 -0400
To: Devin Anderson <[REDACTED]>,
Martin Zeman <[REDACTED]>
Cc: Danny Byun <[REDACTED]>,
Daniel McNeill <[REDACTED]>
Bcc: [REDACTED],

Agreed on the items below, except Paul would run this outside of his trading for Southern Financial. SF may be an investor, but they would not be a PM or distributor. That would be Paul through his RIA/BD presumably.

Devin – back on the discussion about the required number of stocks to make a bona fide index, this came up when we built a Merger Arb note at my old firm. I think we needed 20 names or something like that. Not sure whether that requirement changes if this new QIS index has a short SPX component since that's 500 names, even if the long side of the index is only 5 stocks. Otherwise, we could possibly make the top 5 names 95% of the long side, and add 15 more that only comprise 5% of the notional. Either way, something we will need to revisit.

Paul will send us a more detailed write up on the strategy.

I'm on MTA starting Monday, but Martin is around.

Thanks

From: Devin Anderson
Sent: Wednesday, August 08, 2018 2:06 PM
To: Stewart Oldfield <[REDACTED]>; Martin Zeman <[REDACTED]>
Cc: Danny Byun <[REDACTED]>; Daniel McNeill <[REDACTED]>
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Stewart/Martin,

Thanks for the call today – with vacations and such let's keep the discussion around this on this thread please.

What we understand:

1. Paul/Southern Financial is interesting in launching a long-short strategy where they are long top performing/think leadership names and short spx
2. We'd like to pitch them formulating this into a QIS index for scalability
3. Given that Southern Financial intends to distribute to retail, they would essentially become a distributor of registered notes
 - a. Our ability to do this and obtain necessary opinions greatly depends on the specific strategy
4. DB would incur costs to develop the index and prospectus, which informed from the specific strategy we could come to a specific size, though we expect that to be 50-100MM in order to be worthwhile.

Good luck with your meeting and looking forward to hearing about the specific strategy so we can do the diligence on feasibility.

Thanks,

devin

Devin Anderson

Solutions | Equity Derivatives, New York

Deutsche Bank

O: [REDACTED]

C: [REDACTED]

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