

Southern Financial buys Put, sells Call on EURUSD in a Risk Reversal

Put Strike: 1.2450
Call Strike: 1.4600
Notional: EUR 50,000,000
Expiry: Thu 14-Nov-2019 (5y)
Settlement: Mon 18-Nov-2019
ZoneCut: NY
Premium Date: Mon 17-Nov-2014
Put Premium Offer: USD 2,928,000 (mid would be USD 2,878,000)
Call Premium Bid: (USD 2,946,500) (mid would be USD 2,996,500)

Net Premium: Southern Financial Receives USD 18,500 (mid for the structure would be for SF to receive USD 118,500)

Please advise on how to proceed.

Daniel

From: "jeffrey E." <jeevacation@gmail.com>
To: Daniel Sabba/db/dbcom@DBAMERICAS,
Date: 11/13/2014 03:15 PM
Subject: Re: Follow-up on EUR hedging discussion [C]

in the long put at 124 short call at 146 etc

On Thu, Nov 13, 2014 at 4:08 PM, Daniel Sabba <[REDACTED]> wrote:
Classification: Confidential

Could you please specify which structure/size in particular? Thank you,
Daniel

From: "jeffrey E." [jeevacation@gmail.com]
Sent: 11/13/2014 04:05 PM AST
To: Daniel Sabba
Subject: Re: Follow-up on EUR hedging discussion [C]

prices of puts and calls?

On Thu, Nov 13, 2014 at 2:38 PM, Daniel Sabba <[REDACTED]> wrote:
Classification: Confidential

Classification: Strictly Confidential

Jeffrey,

I met with the head of FX trading of our investment bank to discuss the EUR hedging question you posed. To build a multi-billion short, a solution would be to implement a combination of spot, forward and options transactions over the course of several trading days/weeks. We propose discussing an execution plan in case you would like to pursue that route. We wanted to share with you the following parameters, which are indications for a EUR 1bn short delta executed live in a typical trading day.

Indication Considerations:
- Spot ref 1.2450/1.2451 - a live execution of EUR 1bn spot could indicatively be done 20pips below screen bid at 1.2430