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**From:** jeffrey E. <jeevacation@gmail.com>  
**Sent:** Friday, October 14, 2016 6:15 PM  
**To:** Richard Kahn  
**Subject:** Re: Russia

what are 18 puts?

On Fri, Oct 14, 2016 at 2:12 PM, Richard Kahn <[REDACTED]<mailto:[REDACTED]>> wrote:

i spoke with Paul Barrett and he proposed two ideas on Russia:

Ruble / USD Put Spreads - 63.017 at 2pm

Option 1

buy 63 x 70 spread which will cost 4% to make 11% - 2.75x your premium  
ex:  $100,000,000 \times 4\% = 4,000,000$  premium  
max profit  $4,000,000 \times 2.75 = 11,000,000$

Option 2

buy=65 x 75 spread which will cost 4% to make 16% - 4x your premium  
=x:  $100,000,000 \times 4\% = 4,000,000$  premium  
max profit  $4,000,000 \times 4 = 16,000,000$

Option 3

buy 70 x 80 spread which will cost 2% =o make 14% - 7x your premium  
ex:  $100,000,000 \times 2\% = 2,000,000$  =remium  
max profit  $2,000,000 \times 7 = 14,000,000$   
=/div>

RSX - at 18.44 at 2pm

do a risk reversal with the=following 2 levels for may 2017:

Option 1<=div>  
buy 18 puts 1.75  
sell 21 calls for .75  
net co=t 1.00

paul believes that if RSX goes up 15% to 2= or so then S&P and oil will rally and potentially your underlying equities will offset any exposure

paul also asked if he can review your equities as well and offer hi= advice

Option 2  
=div>buy 17 puts 1.35  
sell 22 calls for .60  
net cost 0.=5

<=iv>  
Richard Kahn  
HBRK Associates Inc.

New York, NY 10022  
tel [REDACTED]  
fax [REDACTED]  
cell [REDACTED] >

Begin forwarded message:

From: "Ens, Amanda" &l=; [REDACTED] <mailto:[REDACTED]>

Subject= Russia

Date: October 14, 2016 at 10:48:29 AM =DT

To: =span style="font-family:-webkit-system-font,Helvetica Neue,Helvetica,san-serif">Richard Kahn  
<[REDACTED]<mailto:[REDACTED]>>

Ri=h,

For a bearish Russia view in the medium term (without havin= an ISDA), you could buy puts on RSX – VanEck Vectors Russia ETF. =ussian equities are highly correlated to RUB (chart below).<=p>

Bu= a RSX vanilla put

\* \* =AO RSX 19-May 2017 expiry ATM strike costs about ~12.4% p=emium

Buy a RSX put spread

\*=B7 \*=**A0** RSX 19-May-2017 18x12 put spread (97% x 65% strikes) c=sts ~\$1.60 or 8.9% on the 18-strike leg (3.75x max gross payoff). You =80 re not saving that much by spreading it, so I prefer the vanilla. We =ooked at pricing contingent options but liquidity is poor.

If there =s another market that you're also bearish, we could look to cheape= the premium with a best-of-put (eg. Best-of-put on Russia and China). Digitals and cont=ngent options didn't price well due to liquidity.

While optionality isn't cheap, the trade looks inter=esting as this is not yet a consensus view. Our strategists and much =f the Street is constructive RUB given a hawkish central bank, decent carr= and stronger oil. Russia's central bank governor reiterated that monetary policy should be focused on maintaining =positive real rates, with equilibrium she says around 2.5-3% in the longer =erm. Before achieving 4% inflation target, she says real rates will be kep= higher. Reads as hawkish and supportive for RUB in the short term, as positive real rates should support capital f=ows.

RUB vs MICEX (R=ssian equity index)

=**A0**

Russia is ~4% of EM ETF= VWO and EEM

More EM Inflows: A large creation =n Vanguard FTSE EM ETF (VWO)

Source: Bloomberg=u>

Amanda Ens

Director

Bank of America Merrill= Lynch

Merrill Lynch, Pierce, Fen=er & Smith Incorporated

One Br=ant Park, 5th Floor, New York, NY 10036

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=C2 please note

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