

To: jeffrey E.[jeevacation@gmail.com]
From: Vincenzo Iozzo
Sent: Sun 8/10/2014 12:33:51 PM
Subject: Re: A note on shorting

Well but:

1) if you short just a single company that raise a gigantic red flag on you the moment the company is hacked and even then the company only represents x% of a tranche - so it's a lot of work for a very tiny risk premium

2) if you short the entire tranche and more than Y companies are breached that's likely very suspicious as well

Besides if I'm willing to take the other side of the bet on the derivative, why not buy the bond in the first place?

In any case, I've read a lot of stuff yesterday. I think that today if we manage to, I should walk you through how bitcoin works, that might be useful for your talk as well, and also ask you a couple of questions - since a lot of currencies seems very fragile and I don't get why people aren't making a killing on them (the krone being one example)

Sent from my Iphone

On 09/ago/2014, at 21:22, "jeffrey E." <jeevacation@gmail.com> wrote:

no one knows the other side it just looks like a sell and they are buyers?

On Sat, Aug 9, 2014 at 8:00 PM, Vincenzo Iozzo [REDACTED] wrote:

Sorry for the email flood..

While studying I realized I forgot a big counterargument to your derivative on the cyber stuff: even if you want to short the bond through a derivative, who's going to take the other side of the bet? Everyone is/should be aware of the moral hazard there I think

Not saying that invalidates your thesis on the fact that this can't work because it's hard for investors to understand - just saying that I don't think shorting it is a risk

Anyway, I'll go back to my studies :)

Sent from my Iphone

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JEE

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