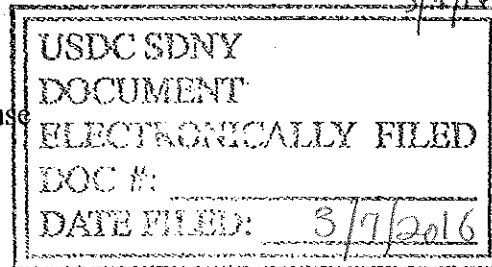


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February 29, 2016

Clerk of the Court  
United States District Court for  
the Southern District of New York  
Daniel Patrick Moynihan United States Courthouse  
500 Pearl Street  
New York, New York 10007-1312



Re: In Re: Credit Default Swaps Antitrust Litigation, Master Docket No.: 13 MD 2476  
(DLC)

To the Clerk of the Court:

Saba Capital Management, L.P. acts as the investment manager for certain private investment funds (each as identified in Exhibit A, attached hereto) and is writing this letter to express our concern with how certain trades that meet the definition of a "Covered Transaction" (as defined in the Plan for Distribution) are being compensated. According to the Plan for Distribution, a Covered Transaction requires that "a class member must have incurred a bid-ask spread in connection with the purchase or sale of a CDS contract ...". It is our opinion that a significant number of trades have been included as Covered Transactions where a bid-ask spread was not paid or was paid, but at a substantial discount due to the packaged nature of the trade. These packaged transaction fall into two categories: (i) index arbitrage packages and (ii) correlation trade packages.

Trading an index arbitrage package requires simultaneously buying or selling a credit index and buying or selling all of the underlying single names that make up the index. For example, trading an index arbitrage package on the CDX IG25 index requires selling all the 125 single names in equal notional amounts (e.g. \$2 million each), while buying the notional equivalent of the CDX IG25 index (i.e. \$250 million). Due to the packaged nature of these trades and volume of activity, it is common market practice for dealer defendants to significantly mark down or reduce heavily the bid/ask spread.

In correlation trade packages, class member's trade bespoke or customized tranches along with single name CDS to express views on correlation levels. This type of trade requires exchanging single name CDS at mid-market levels which would cause class members to not pay bid-ask spread hence not making them a Covered Transaction.

We believe that in both examples, these Covered Transactions did not experience the level of damages that non-packaged trades received and it would be inequitable for the Court to

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treat the index arbitrage and correlation trade packages in the same manner as outright purchases and sales of index and single name CDS.

We ask the Court to consider implementing, on a best efforts basis, a procedure for identifying and either discounting or removing the (i) index arbitrage package trades and (ii) correlation trade packages. Potential ways to identify this subset of trades:

1. **Index Arbitrage Package:** these trades are typically booked at 100bps or 500bps with fees passed on to the index trade. Any off market trades done could be considered as part of the index arbitrage package.
2. Request from the dealer defendants sufficient information to evidence which trades were executed as part of index arbitrage packages and (ii) correlation trade packages.

A representative of our firm will appear at the Fairness Hearing.

Thank you for taking the time to review and consider this matter.

Sincerely,



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Michael D'Angelo  
General Counsel

  
**Saba** | Capital**Exhibit A****Proof of Class Member Status (funds managed by Saba Capital Management, L.P.)**

<b>Fund</b>	<b>Claimant ID</b>
SABA CAPITAL TAIL HEDGE MASTER UNIT TRUST	940C47853C
SABA CAPITAL SERIES LLC SERIES 1	08BA58F9B4
HFREU CREDIT DIVERSIFIER FUND	5645BBD4F8
SABA CAPITAL MASTER FUND, LTD	F057DD62BE
SABA CAPITAL TAIL HEDGE MASTER FUND, LTD	29FE70CCDD
SABA CAPITAL LEVERAGED MASTER FUND, LTD	0DED8122C1
SABA CAPITAL MASTER FUND II	482BDF7C23
SCM BUSINESS TRUST	CF70B5FDD4
SABA CAPITAL PARTNERS (CAYMAN), LP	2DD73FA568