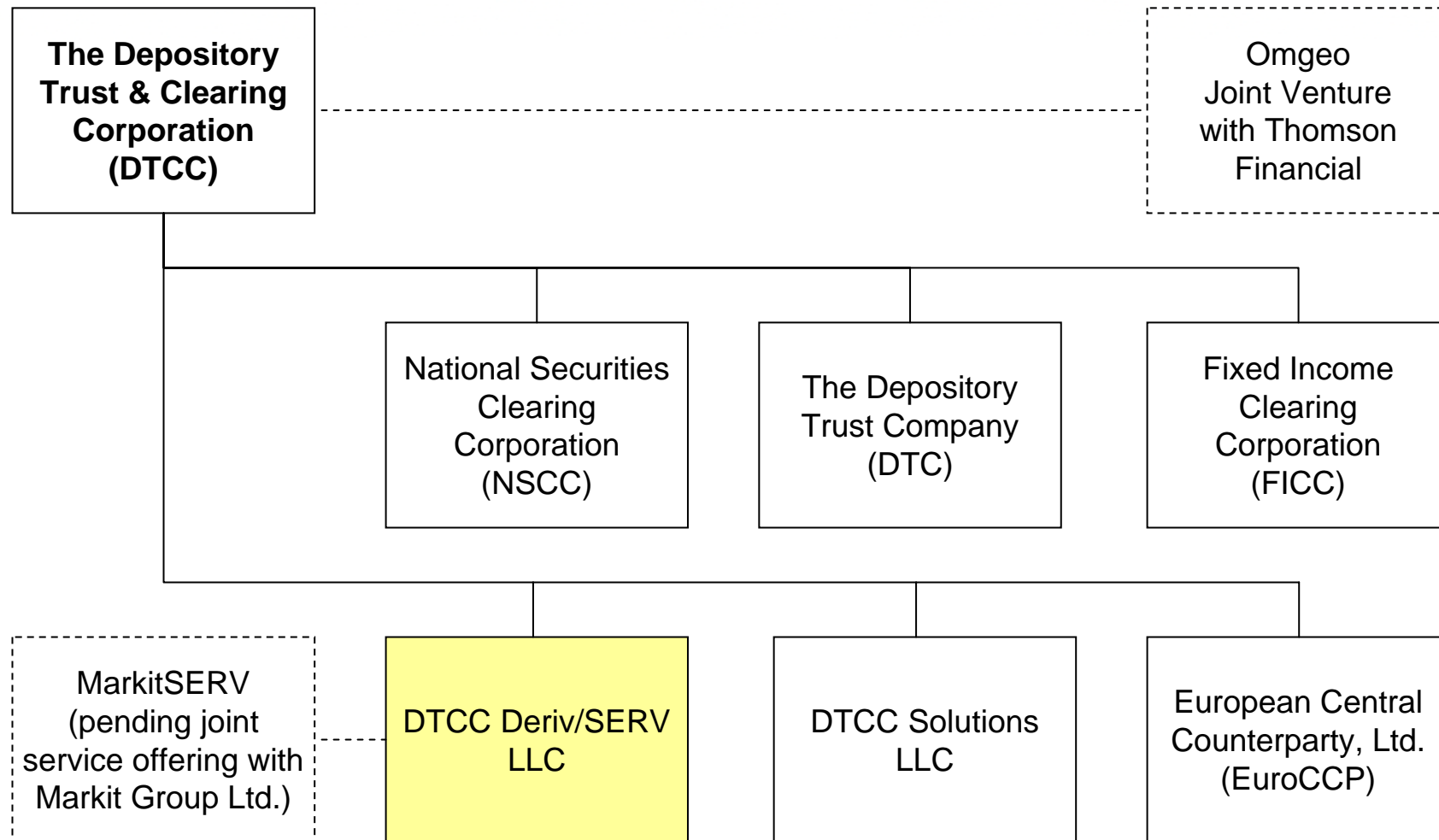




Trade Information Warehouse  
Update, February 24, 2009



# DTCC Corporate Structure





## DTCC Deriv/SERV LLC Services

- Electronic Confirmation/Matching (to be contributed to MarkitSERV)
  - Covers OTC credit, rate and equity derivatives
    - ✓ *Greater than 90% of credit derivative market worldwide (including all single name, index, index tranche, CDS on loans and loan indices, CDS on ABS, CMBS and RMBS and asset backed and commercial mortgage indices)*
- Trade Information Warehouse (for credit derivatives)
  - Central trade registry and public reporting of positions and turnover
    - ✓ *All electronically confirmed CDS are registered in Warehouse (4.4 million sides; 28.5 trillion gross notional value in USD equivalent)*
  - Central hub for life-cycle event processing and facilitation of other infrastructure providers (e.g., CCPs, portfolio management providers, etc.)
  - Central payment calculation, netting and settlement (through link with CLS Bank), including net cash settlements for credit events



## DTCC Deriv/SERV LLC Governance

- User Governing Committee
  - 12 senior representatives from major market participants
  - 50% from European institutions
    - ✓ Barclays, BNPParibas, Credit-Suisse, Deutsche Bank, Societe Generale, UBS
    - (Other institutions represented: Bank of America, Bank of New York/Mellon, Citigroup, Goldman Sachs, JPMorgan Chase, Morgan Stanley)
  - 50% of individual representatives are resident in Europe
  - Operates on a not-for-profit basis – As with all DTCC services, user governance approves tariffs and rebate of excess revenue, spend, strategic direction and new products



# Trade Information Warehouse

## Central Trade Registry

### *Single centralized source for industry portfolio statistics*

- Weekly publication of open interest and turnover for all credit default swaps
  - ✓ Top 1,000 single names (of 3,000 total names in Warehouse), both gross and net
  - ✓ All indices, both gross and net
  - ✓ Aggregates, on a gross basis
- Currently also providing data privately to FRB, ECB and FSA in support of their own regulatory missions (and have committed to provide data directly to all interested regulators)



# Trade Information Warehouse

## Central Processing Hub

*Central life-cycle event central processing hub, with open access to all other infrastructure providers*

- Centrally processed 9 credit events last year, with 11 new credit events so far in 2009 (7 closed, 4 still in progress)
- 3 successor events/name changes closed so far this year (1 European), with 28 pending (11 European)
- 4 bulk transfers and mass terminations processed last year, with 6 pending
- Working with 4 CCPs to support clearing efforts (CME, Eurex, ICE, LIFFE)
- Links established with leading portfolio and/or margin management providers, including Euroclear, Tri-Optima and Markit/CreditEx (pending)
- 12 other service providers linked to the Warehouse



# Trade Information Warehouse

## Central Settlement Processing

*Central calculation of all amounts due on CDS contracts, with multi-lateral net settlement provided through CLS link*

- Includes regular fee and coupon payments, as well as net cash settlement for credit events

*Example - Lehman credit event had \$72 billion in gross cash settlement obligations, which netted to \$5.2 billion in net funding obligations.*

- All major global dealers centrally settle on Warehouse calculated amounts via CLS multi-lateral net for all major currencies
  - ✓ Creates settlement certainty
  - ✓ Eliminates *nostro* breaks
- Industry commitment to on-board remainder of market so that by November, 96% of electronically confirmed trades are settled via Warehouse and CLS



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