



IBERCLEAR Project: Trade Repository

Presentation to COGESI

Frankfurt, 4th May 2010

iberclear

BME X
BANK OF MEXICO

Agenda

- Introduction
- IBERCLEAR Trade Repository
- Benefits of the Trade Repository
- Our view

INTRODUCTION

Iberclear

- Fully owned by Bolsas y Mercados Españoles (BME)
- The Spanish Central Securities Depository:
 - Up to 200 participants
 - Up to 3500 issuers
- The manager of the National Registry for CO₂ allowances (Kyoto's Protocol)
 - Up to 1100 clients

Financial crisis: lessons



OTC Derivatives Markets: way ahead

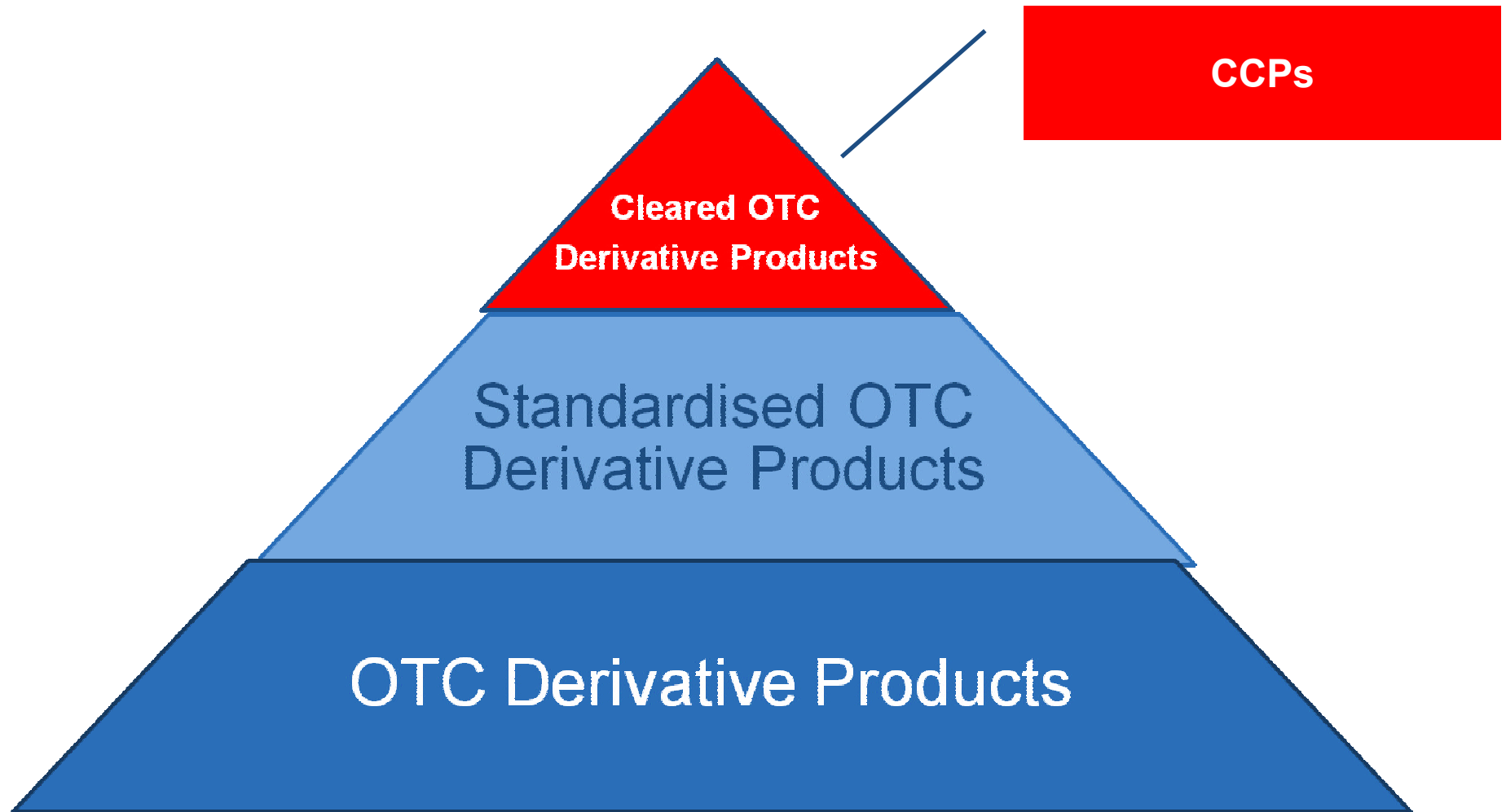
Credit Risks

- Develop new procedures to enable risk management and collateralization

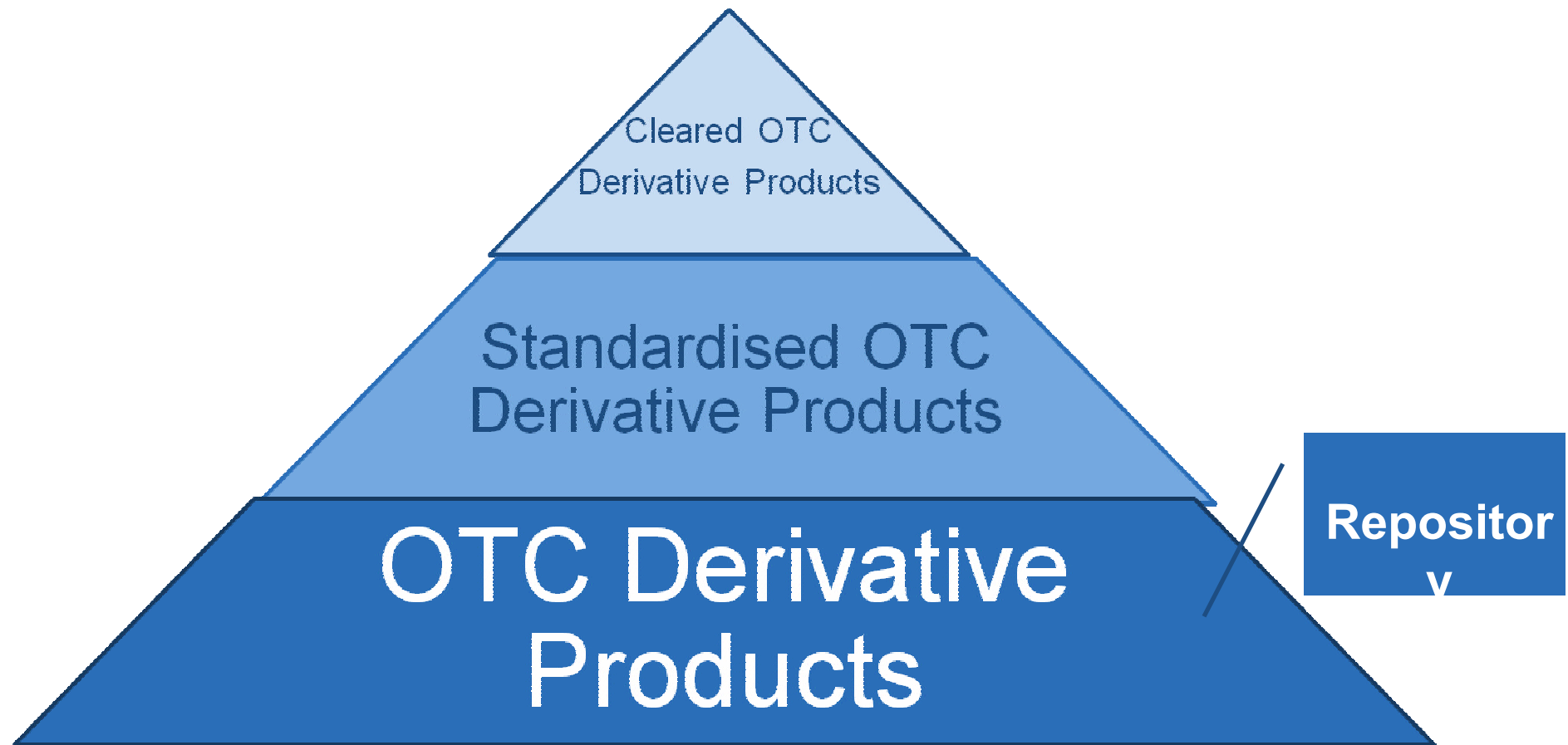
Transparency

- Provide transparency to both regulators and market participants

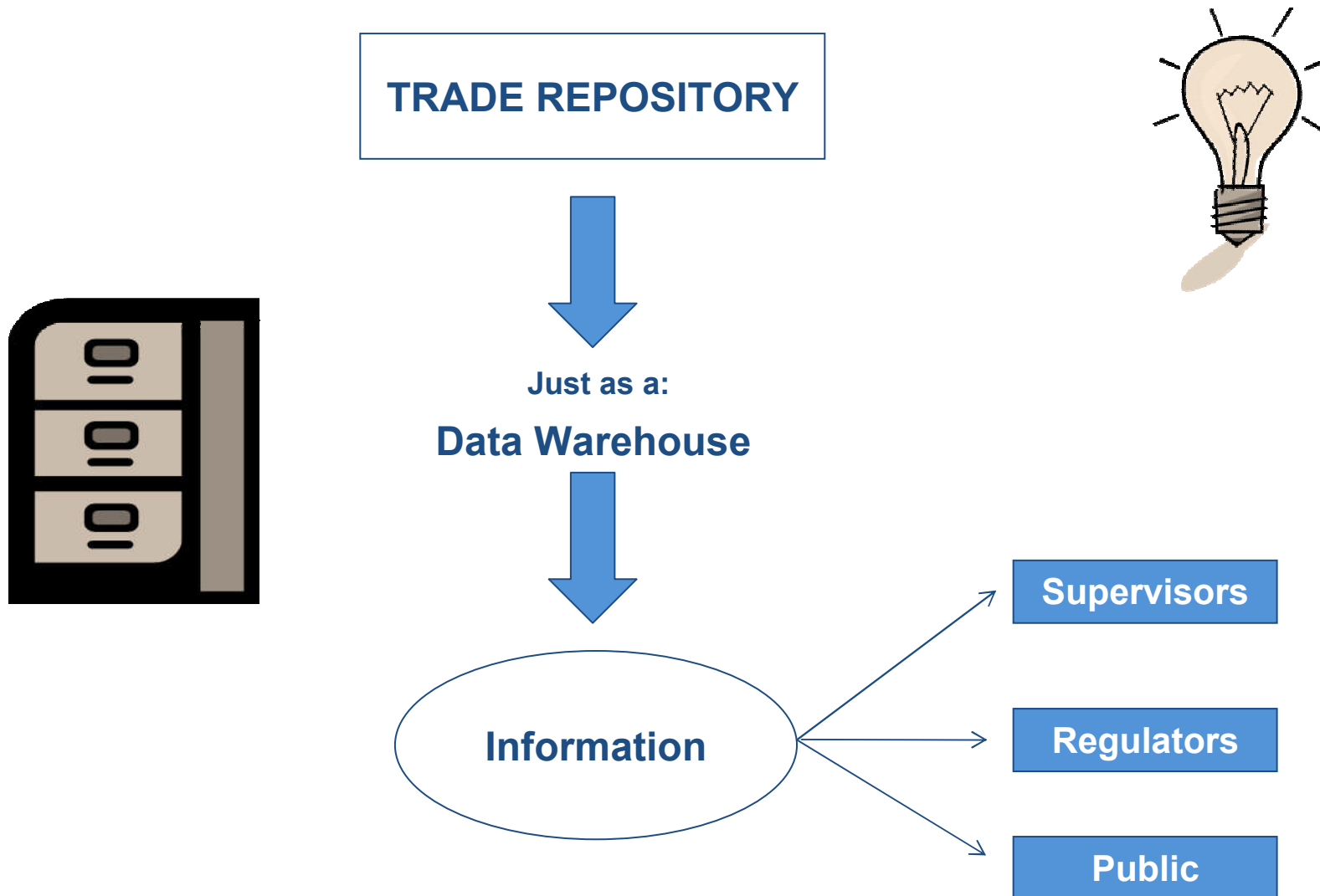
CCPs: as part of the solution but....limited



Trade Repositories product scope

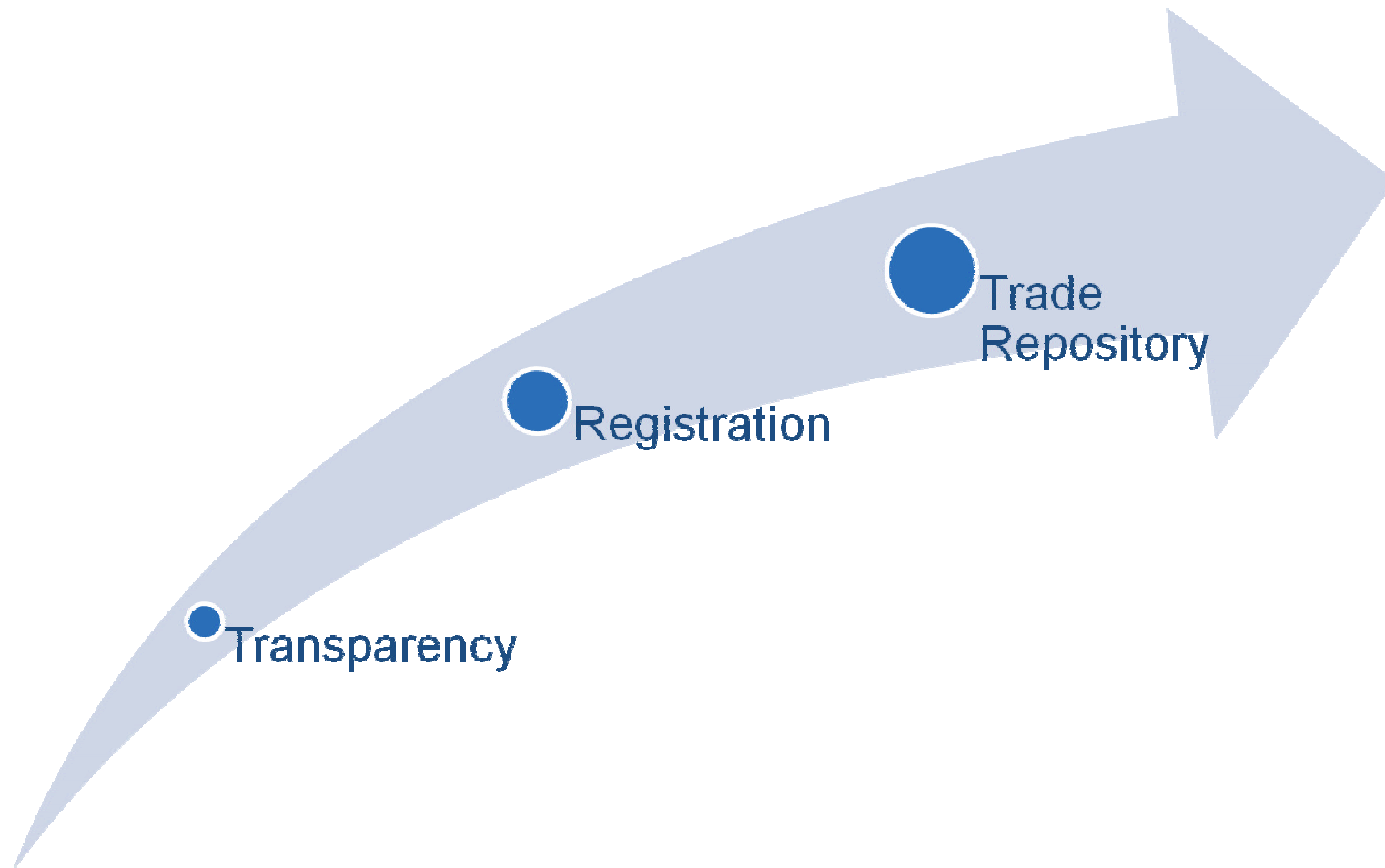


Transparency:



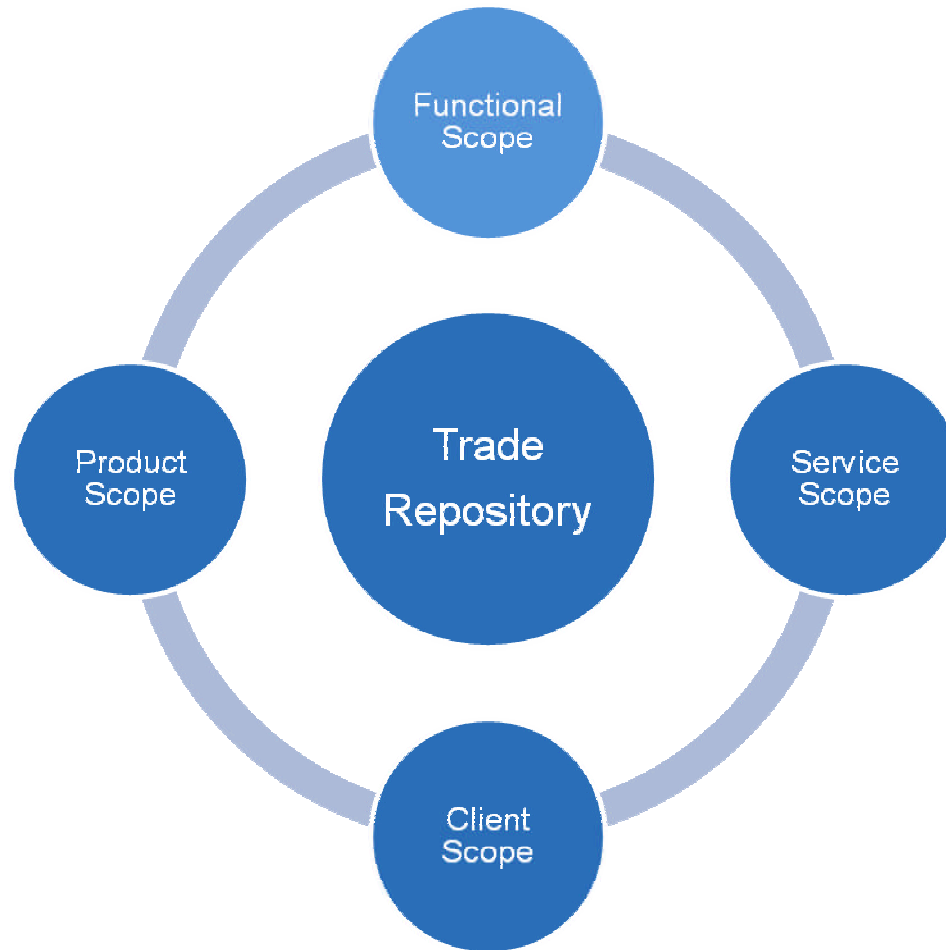
IBERCLEAR TRADE REPOSITORY

Transparency based on Registration



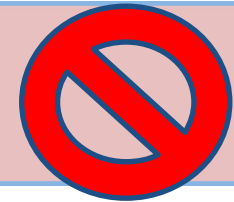
IBERCLEAR Trade Repository

Comprehensive approach

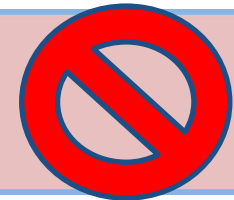


Functional Scope

Bilateral Clearing: Valuation

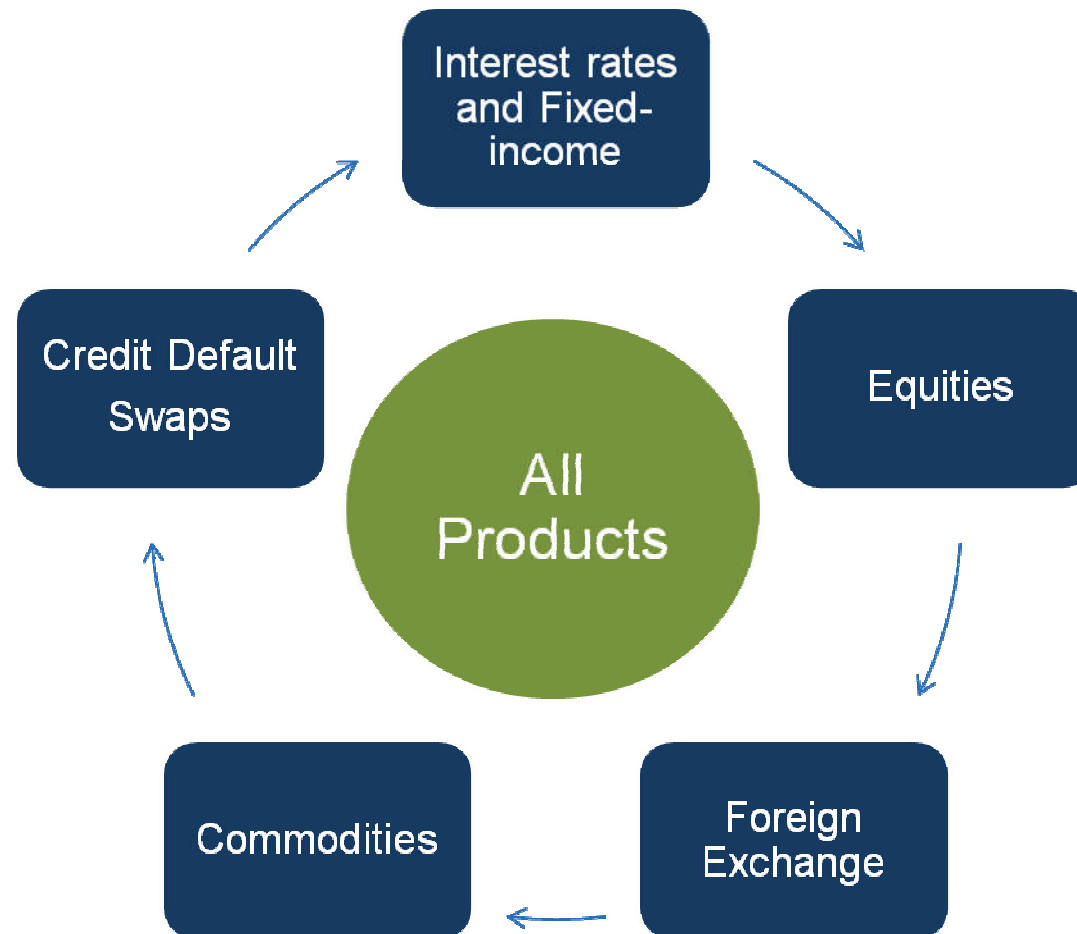


CCP: Novation



Trade Repository: Registration

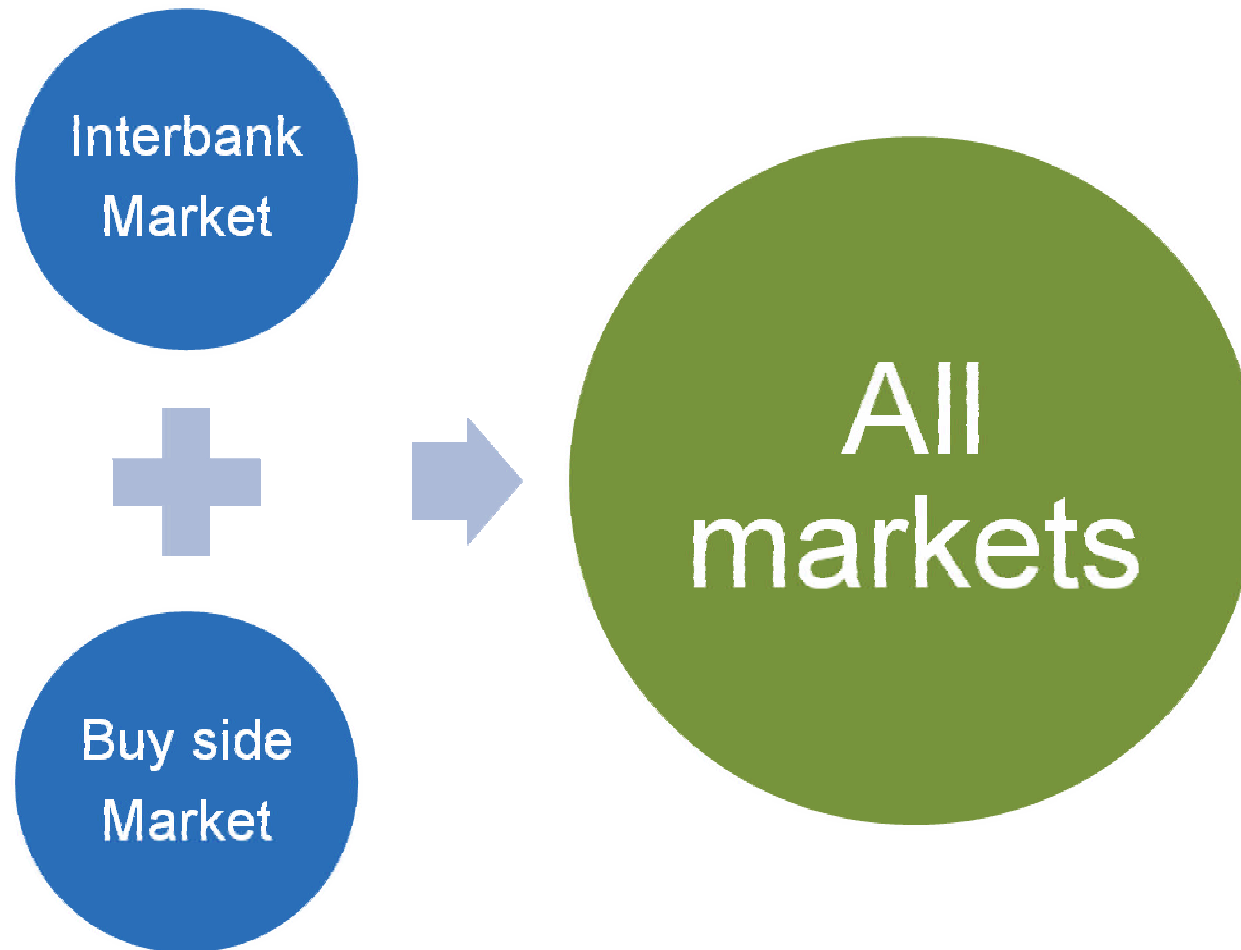
Product Scope



Service Scope



Market Scope



Services

Registration

- Full registry Stamp
- Informative Stamp

Administration

- Communication
- Matching
- Affirmation
- Reconciliation
- Consolidation

Reporting

- Regulators
- Markets
- Participants

Communication / Reporting Modes

A: General details + pdf
Customized contracts

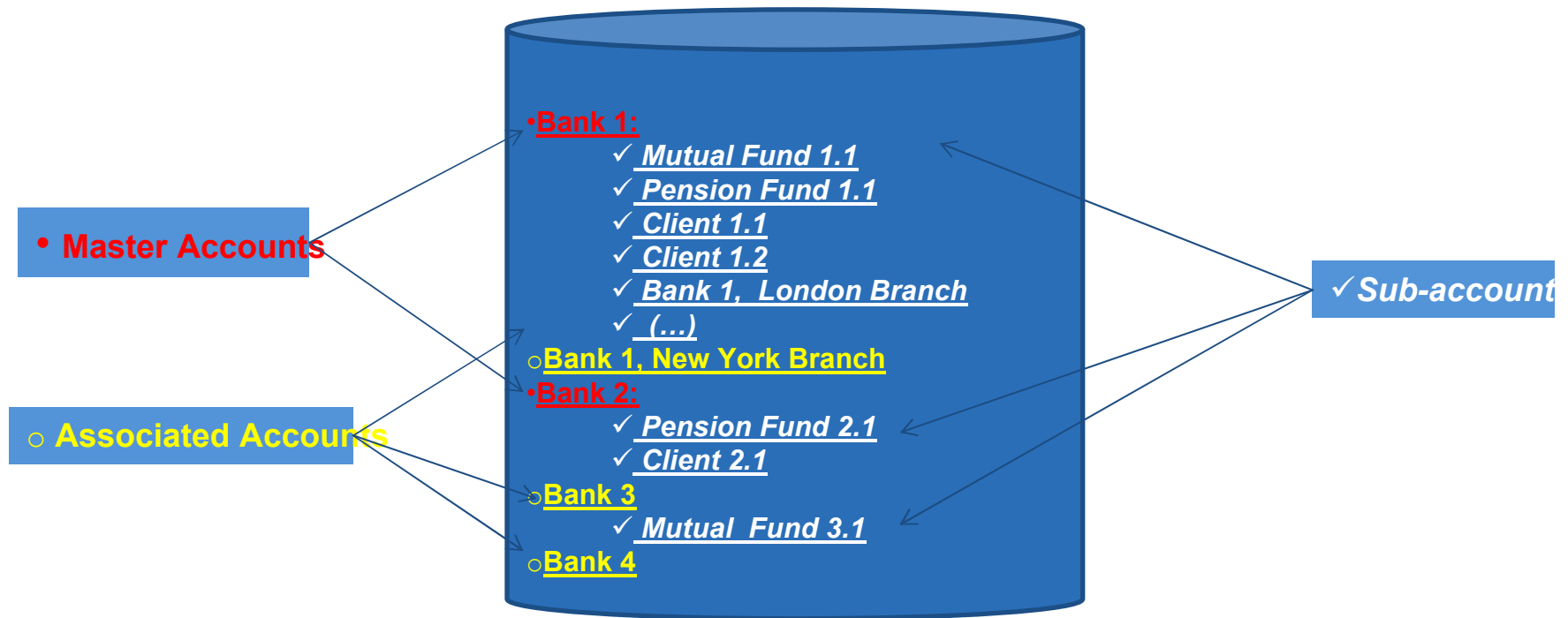
B: General details + Specific details
Standardized contracts

C: Reporting details. (As defined by ESMA)

Participation

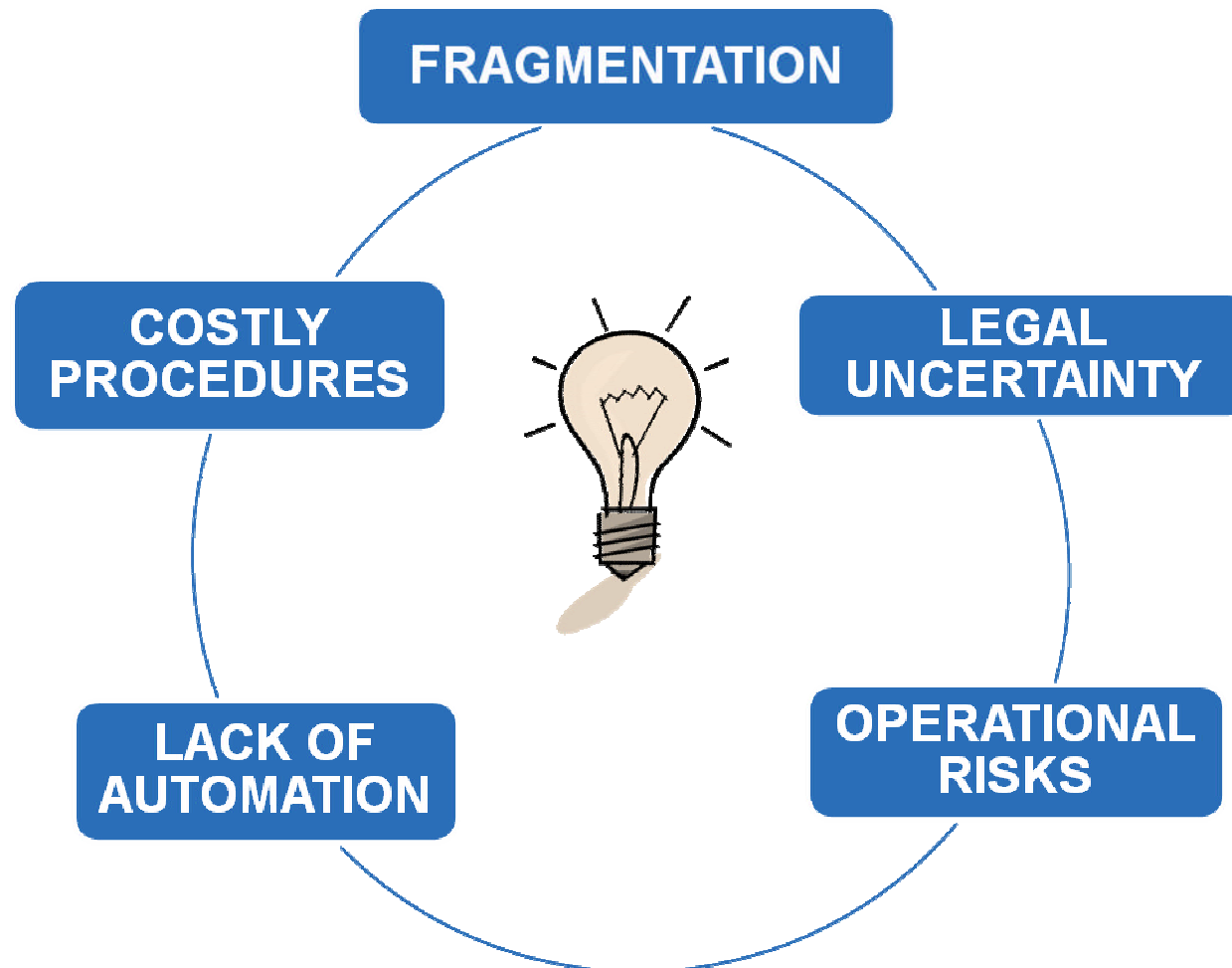
- Totally open to:
 - Financial institutions
 - Non-financial institutions
- Totally flexible:
 - Direct participation (Master accounts)
 - Indirect participation (Sub-accounts)
 - Technical delegation (Associated Master Accounts)

Account structure

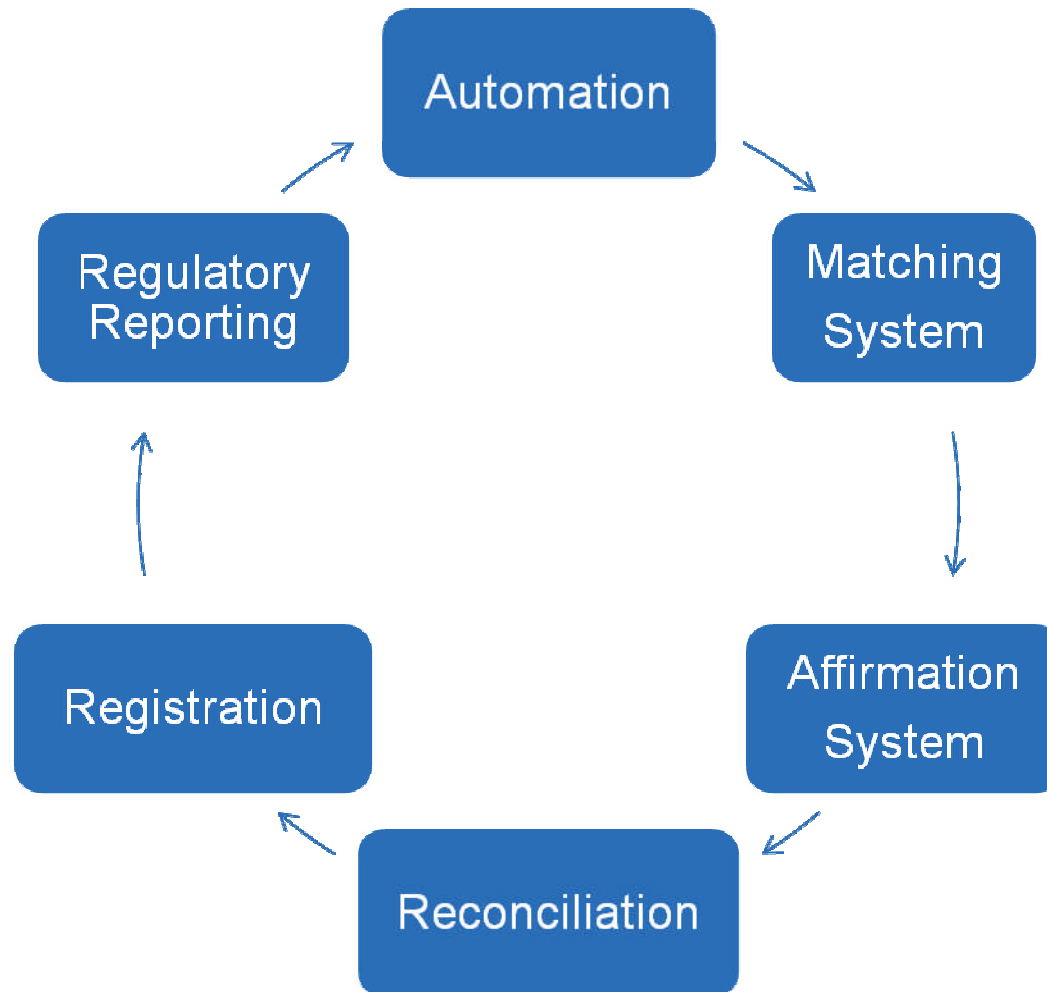


BENEFITS OF IBERCLEAR TRADE REPOSITORY

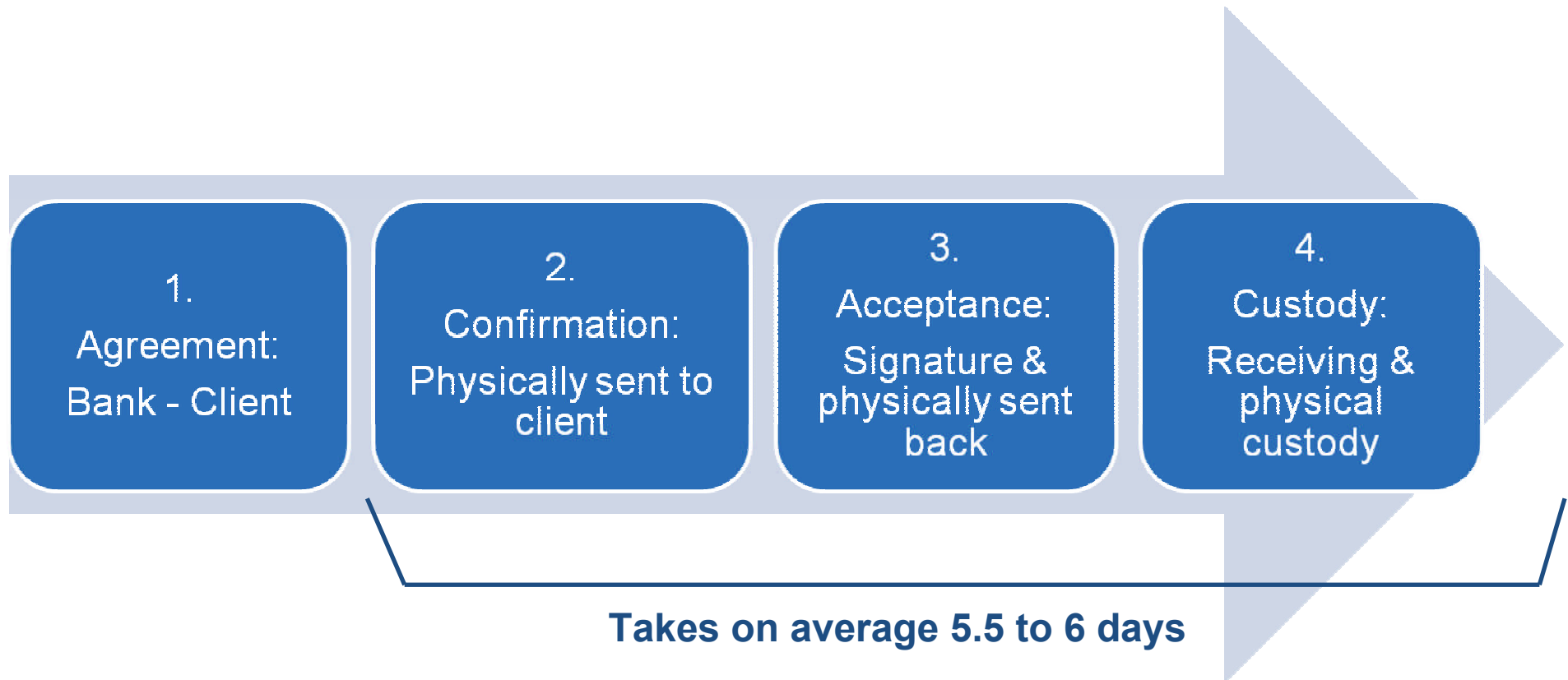
There are other issues to be solved,
not only transparency...



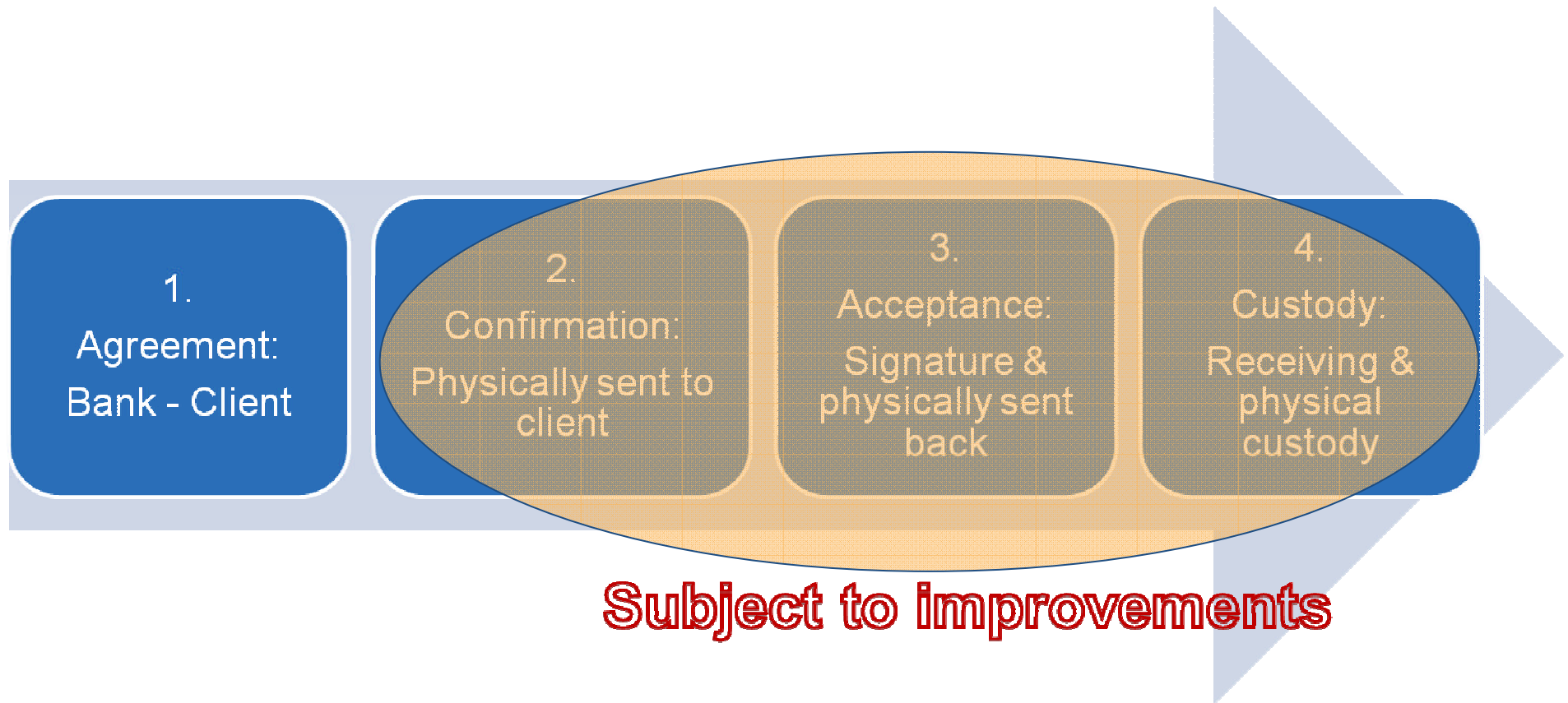
...Trade Repositories can be part of the solution...



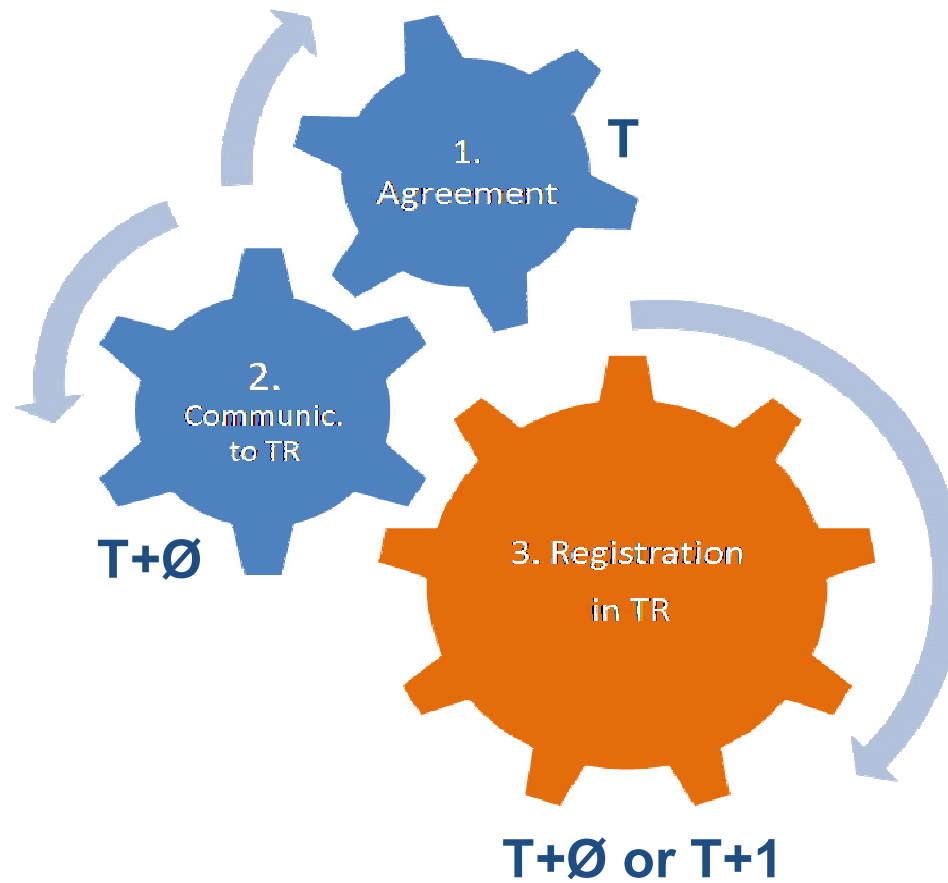
...addressing the legal and operational risks...



...by offering flexible solutions.



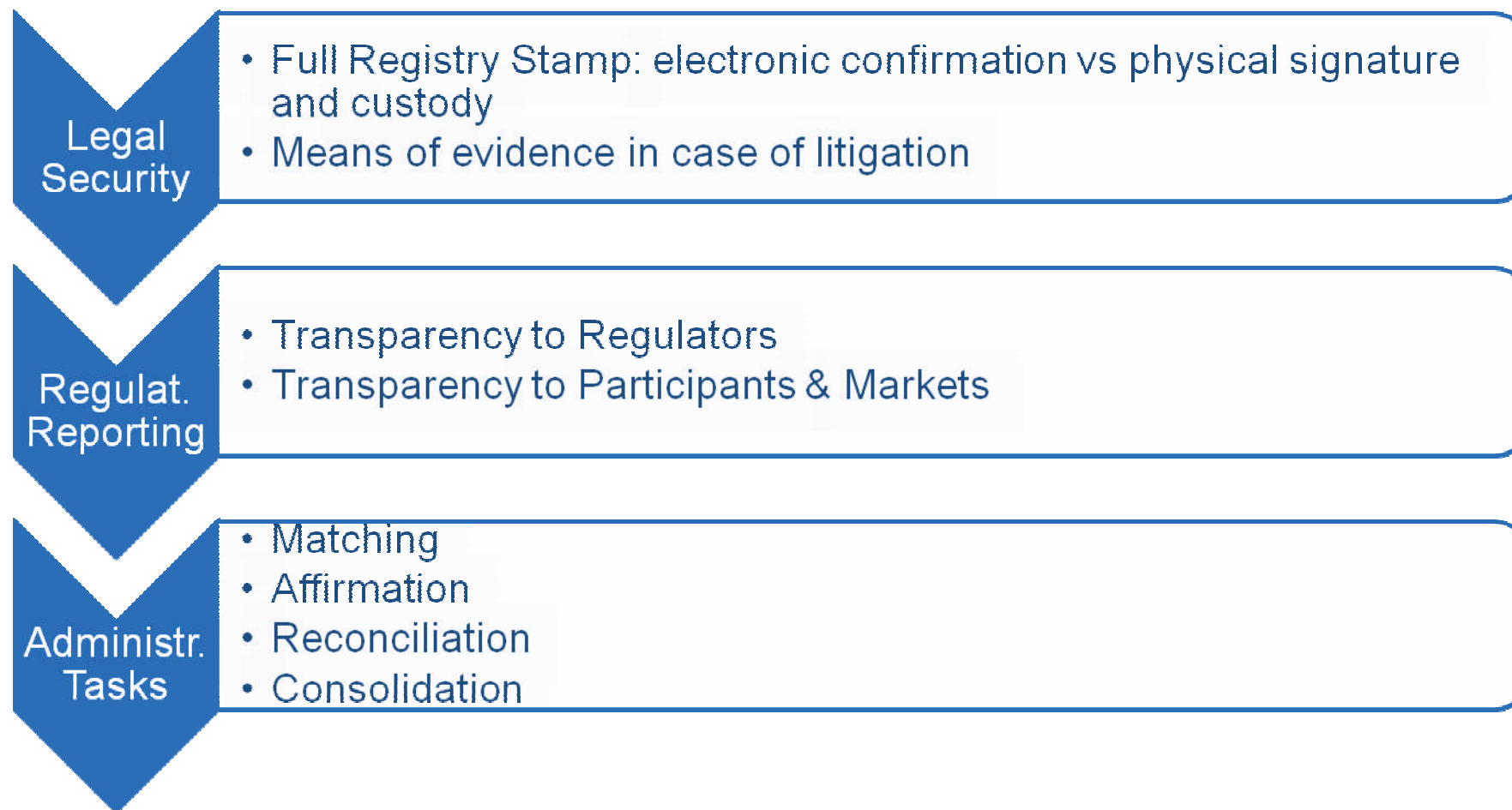
Our proposal:



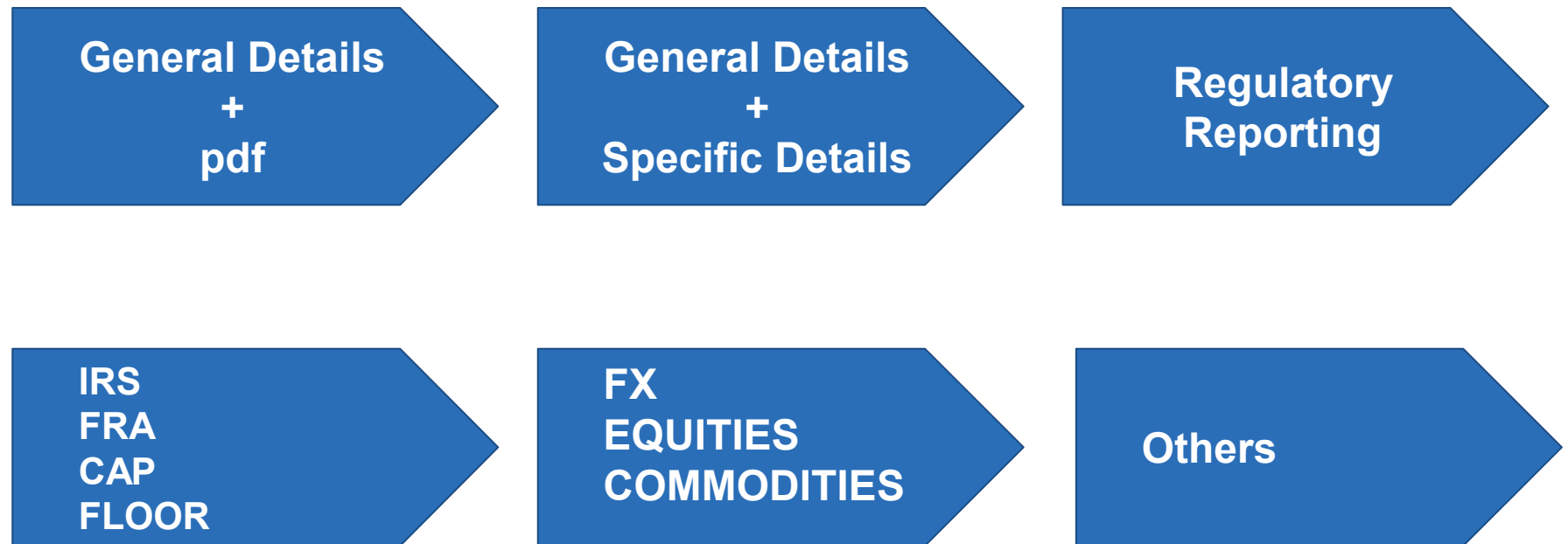
Our benefits:

Benefits for both Financial Institutions and Buy-Side				
Increase in legal certainty	Automation of procedures	Decrease in administrat. costs	Flexibility	Consolidation of information

Our solution:



Step by step approach

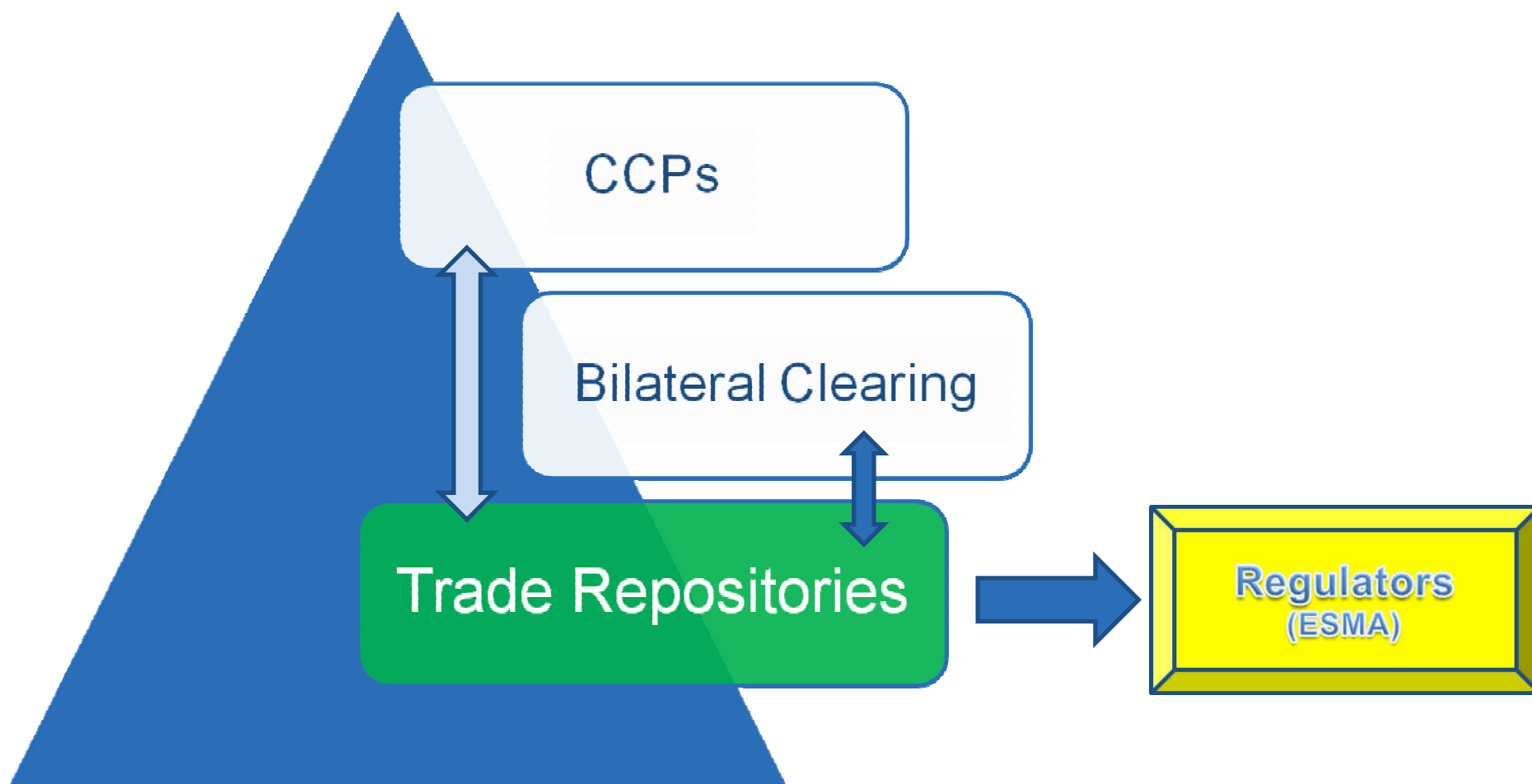


Calendar

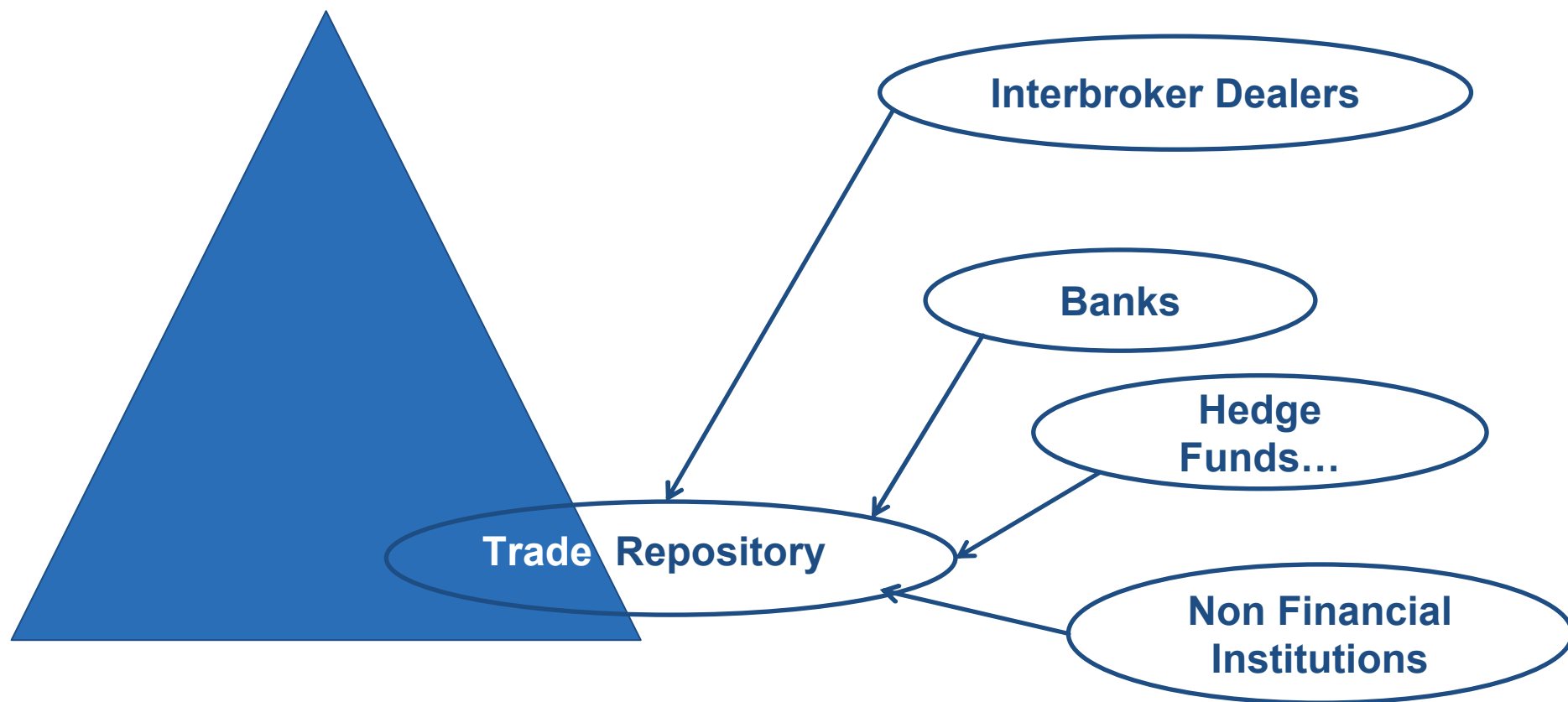
- **MAY 2010**
 - Internal testing
- **JUNE 2010**
 - Commercial launch
- **JULY 2010**
 - External testing
- **Q4 2010**
 - Operational

OUR VIEW

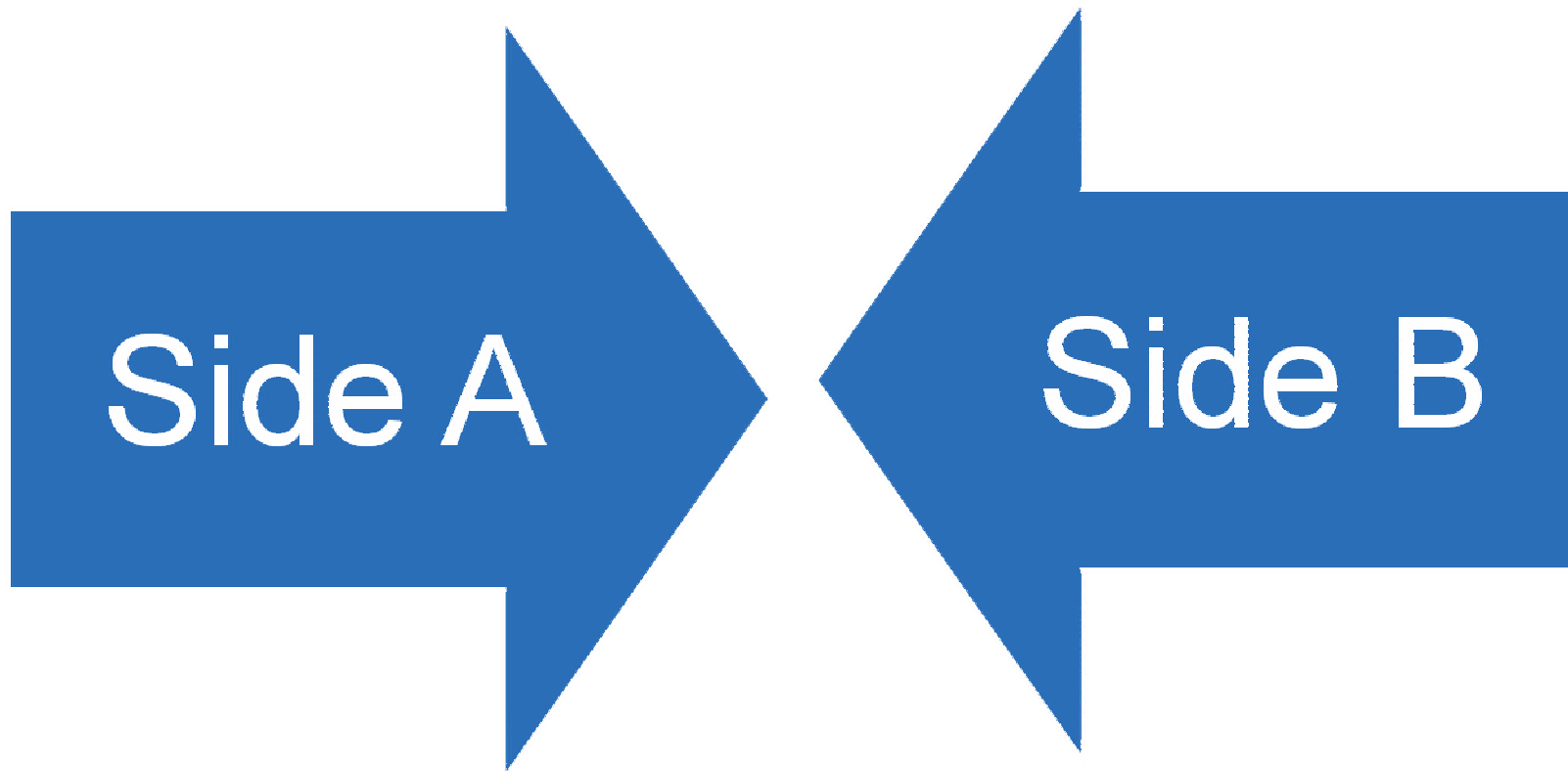
All trades recorded in TRs: cleared (CCP) and not cleared



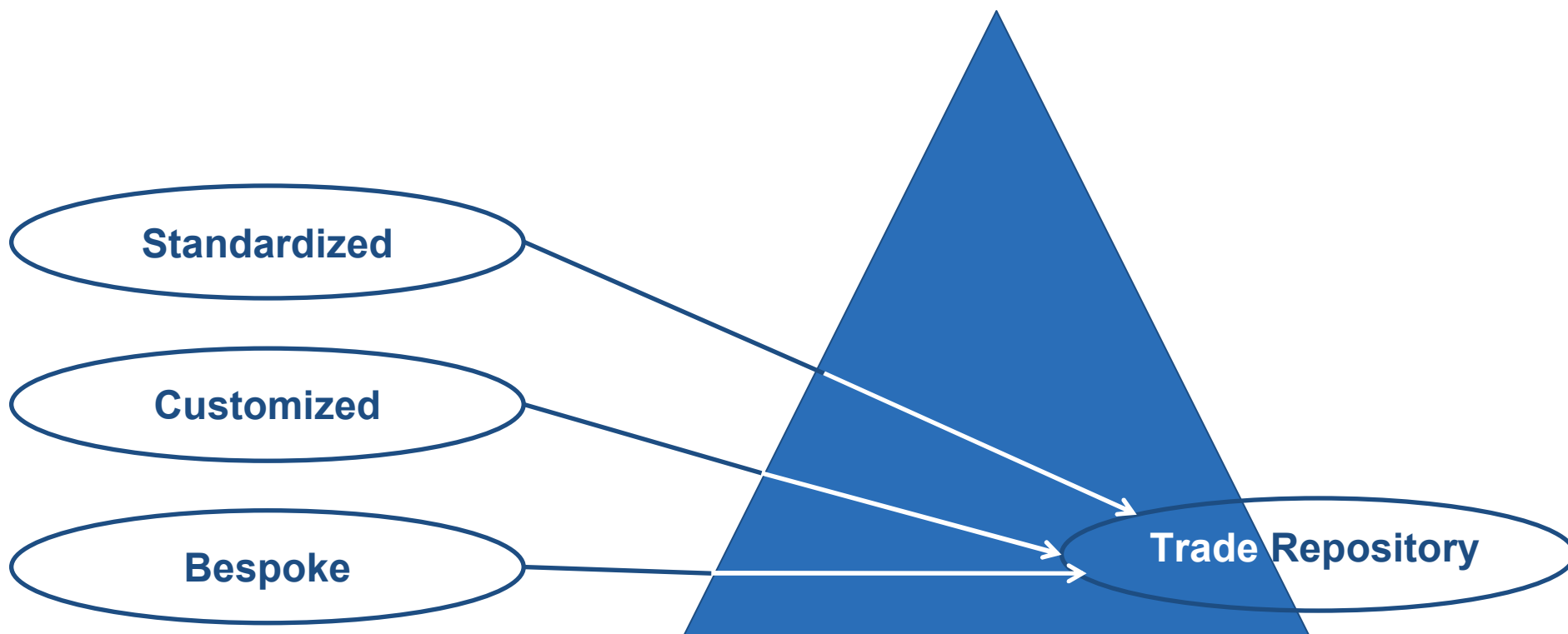
For all kind of participants



Ensure quality of information: double confirmation
with TRs reporting single counting to Supervisors



For all kinds of contracts



Trade Repositories

In competition

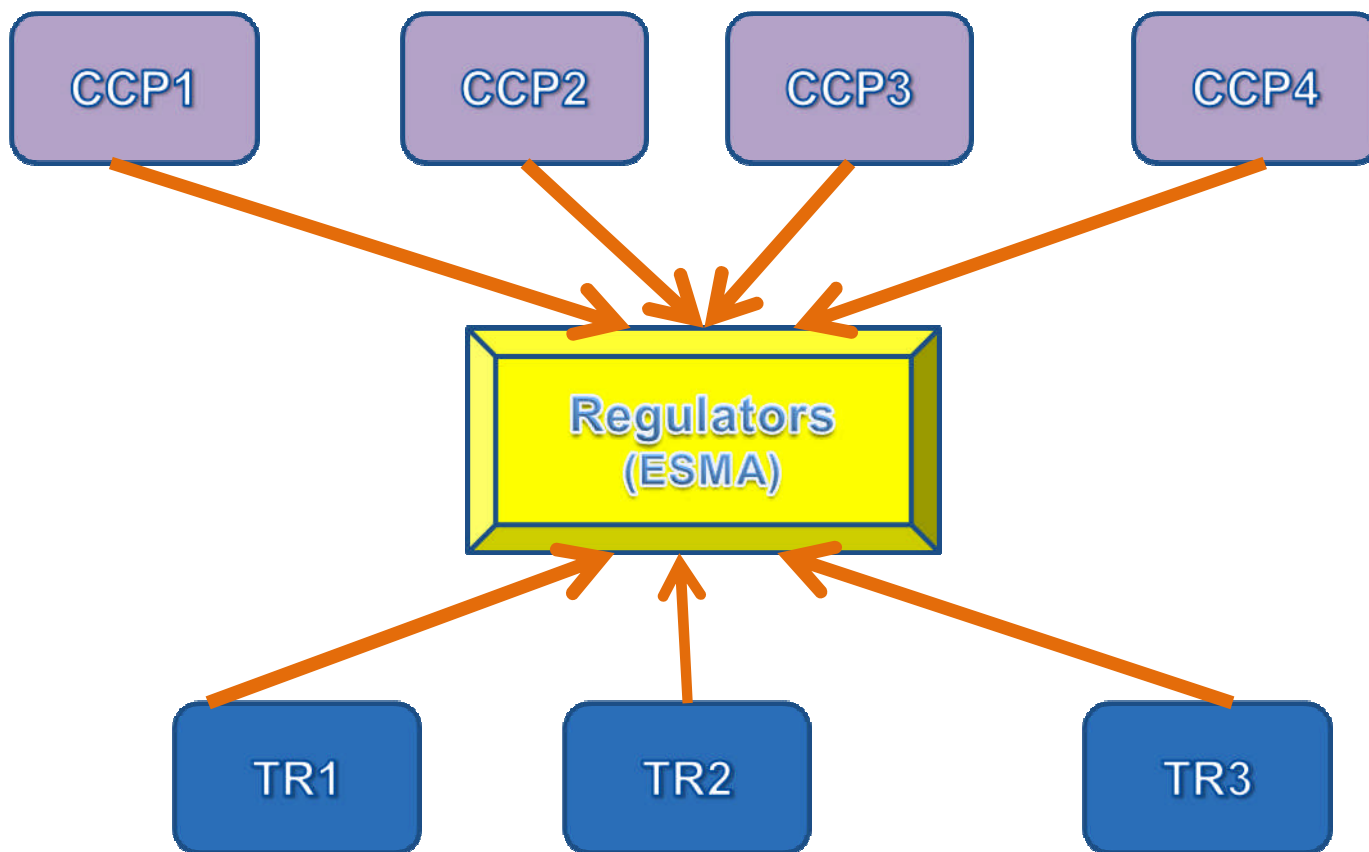
Interconnected

For all products
and all contracts

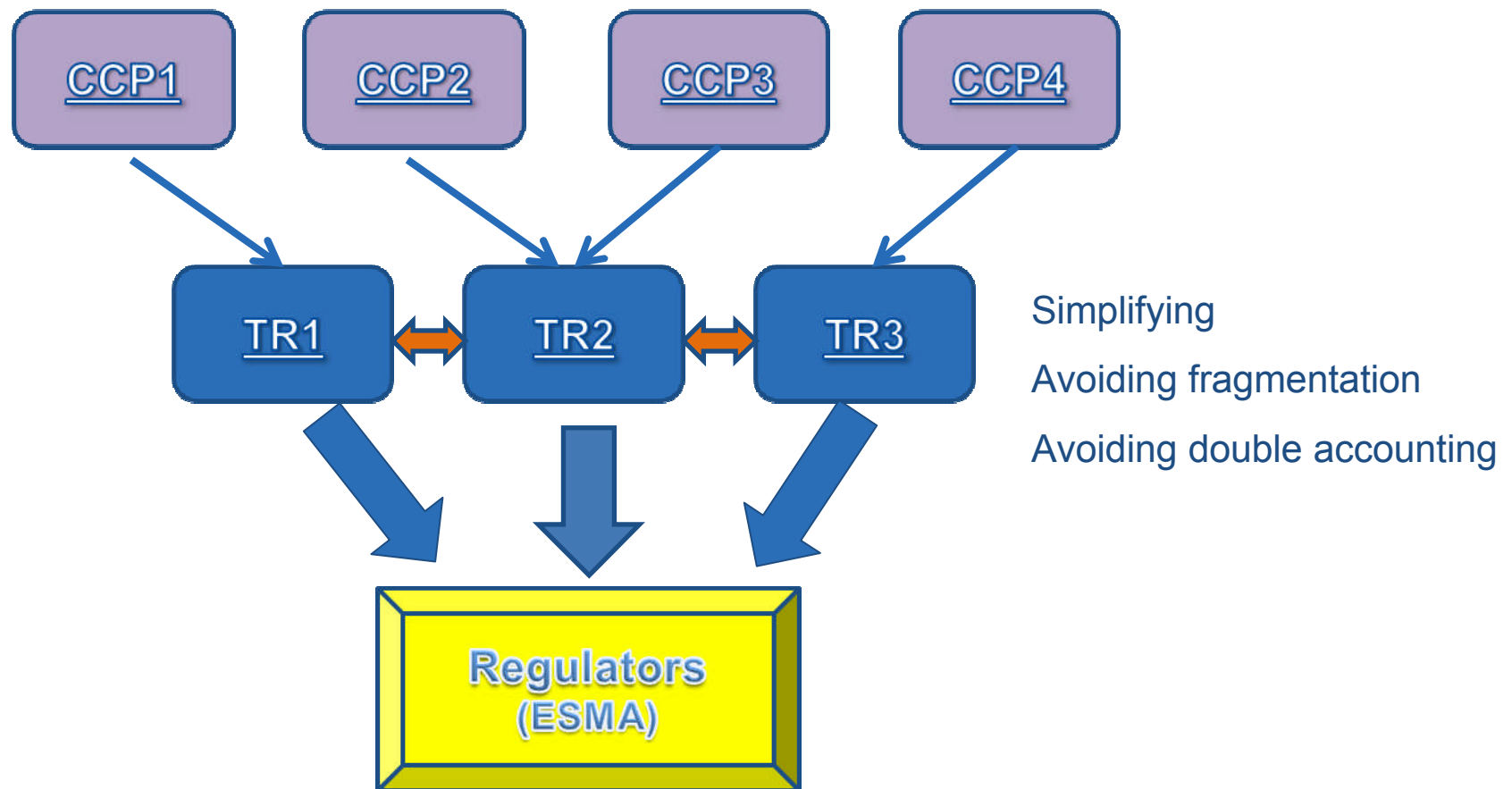
Run by Market
Infrastructures

With adequate
oversight

CCPs & TRs not interconnected and TRs with some trades



TRs interconnected with all trades



A European Project & A Global Scope





Tramontana, 2 Bis - 28230 Las Rozas
Tel. +34 91 709 50 00· Fax +34 91 709 52 50